Supreme Court, U.S.
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No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

BATJAC PRODUCTIONS, INC.,
a California corporation,
Petitioner,

vs.

GOODTIMES HOME VIDEO CORPORATION,
a Delaware corporation; and
MARYBETH PETERS, REGISTER OF COPYRIGHTS,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI

BONNIE E. ESKENAZI
Counsel of Record

AUDREY J. HENNINGER

GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP

1900 Avenue of the Stars, Suite 2100
Los Angeles, California 90067-4590
(310) 201-7402

Attorneys for Petitioner
BATJAC PRODUCTIONS, INC.

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QUESTIONS PRESENTED FOR REVIEW

A. Whether, under the Copyright Act of 1909, publication of a derivative work motion picture also serves to "publish" a written, unpublished screenplay and thereby divests the underlying screenplay of its common-law copyright protection, replacing it with the derivative work's statutory copyright.

B. Whether statutory copyright protection for a derivative work motion picture extends to cover more than just the new matter added, but instead also covers pre-existing material present in the underlying work.

LIST OF PARTIES TO THE PROCEEDING

The parties to the proceeding below were the petitioner Batjac Productions, Inc. ("Batjac") and respondents GoodTimes Home Video Corp. ("GoodTimes") and Marybeth Peters, Register of Copyrights ("the Register"). Petitioner Batjac has no parent companies, no partially-owned subsidiaries and no affiliates. To the best of petitioner Batjac's knowledge, neither GoodTimes nor the Register has any parent companies, partially-owned subsidiaries or affiliates.

Because the Register of Copyrights is a party to this action and is being served with this Petition, petitioner has served the Solicitor General of the United States, pursuant to Supreme Court Rule 29.

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PETITION FOR WRIT OF CERTIORARI

Petitioner Batjac Productions, Inc., respectfully prays that a writ of certiorari issue to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit, entered in the above proceeding on November 5, 1998.

I. OPINIONS BELOW

The opinion of the Court of Appeals for the Ninth Circuit is reported at 160 F.3d 1223, and is reprinted in the Appendix hereto, *infra,* at A1-A27.

The opinion of the United States District Court for the Central District of California dismissing petitioner's complaint upon the granting of respondents' motions for summary judgment is reported at 946 F.Supp. 1416, and is reprinted in the Appendix hereto, *infra*, at B1-B30.

II. JURISDICTION

Invoking federal jurisdiction under 28 U.S.C. § 1331 and 1338, and 17 U.S.C. § 101 *et seq.*, Petitioner brought suit against Respondent GoodTimes Home Video Corp. ("GoodTimes") in the United States District Court for the Southern District of New York. That suit was subsequently consolidated with a related case, *Maljack Productions, Inc. v. UAV Corporation*, (USDC Case No. 96-0749 DDP (VAPx)), and transferred to the United States District Court for the Central District of California. The Register intervened pursuant to 17 U.S.C. § 411(a).[1] On May 21, 1997, the District Court granted GoodTimes' and the Register's motions for summary judgment on the issue of the

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[1] 17 U.S.C. § 411(a) states in relevant part:
"The Register may, at his or her option, become a party to the action with respect to the issue of registrability of the copyright claim by entering an appearance within sixty days after such service, . . ."

registrability of the screenplays at issue. Petitioner appealed the District Court's order to the United States Court of Appeals for the Ninth Circuit, pursuant to 28 U.S.C. § 1291.

On November 5, 1998, the Ninth Circuit issued its opinion and judgment affirming the District Court's order granting respondents' motions for summary judgment. The certiorari jurisdiction of this Court to review the judgment of the Ninth Circuit is invoked under 28 U.S.C. § 1254(1).

III. STATUTORY PROVISIONS INVOLVED

The pertinent text of the following statutory provision is set forth in Appendix C:

Section 7 of the Copyright Act of 1909, 17 U.S.C. § 7.

IV. INTRODUCTION

Under the Copyright Act of 1909, 17 U.S.C. § 1 *et seq.* (repealed effective 1978) ("1909 Act"), there was a dual system of copyright protection. State common-law governed the copyright protection for unpublished works, while federal statutory copyright applied to published works. *See* App., *infra*, B7. Prior to 1978, common-law copyright protection was perpetual. *Id.*, at B11. Once a work was published, it lost its common-law protection and was governed by the federal statutory scheme. *Id.*, at B8.

Statutory copyright protection under the 1909 Act was divided into two 28-year terms. 17 U.S.C. §§ 24, 25 (1909). The first 28-year term was secured upon publication in compliance with certain required formalities. *Id.*; 2 *M. Nimmer and D. Nimmer, Nimmer on Copyright*, §7.04 at 7-27

(1997).[2] The second, "renewal" term was secured by filing a proper renewal registration. *Id.*

On January 1, 1978, the 1909 Act was prospectively replaced by the Copyright Act of 1976 ("1976 Act"). The 1976 Act abolished the dual statutory/common-law copyright system and replaced it with "a single system of Federal statutory copyright from creation" as soon as the work was "'fixed in a copy or phonorecord for the first time.'" H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. ("House Rep.") at 129, *quoting* 17 U.S.C. § 101.

In enacting the 1976 Act, Congress "converted" existing common-law copyrights to federal statutory copyrights. Thus, all works protected by perpetual common-law copyright as of January 1, 1978 were, as a matter of law, on that date granted limited-term federal statutory copyright. *See* 17 U.S.C. § 303 (1976 Act).

The basic question involved in this suit is whether, under the 1909 Act, publication of a derivative work motion picture also serves to "publish" a written, unpublished screenplay thereby replacing the screenplay's common-law copyright protection with the derivative work's statutory copyright. To answer this question, it is necessary to determine whether Section 7 of the 1909 Act, which protects copyrights in underlying works from destruction as a result of the publication of derivative works, applies where the underlying work is protected by common-law, rather than statutory copyright.

In the decision below, the Ninth Circuit held that Section 7 applies only to statutory copyrights. Publication of a derivative work, held the Ninth Circuit, divests the underlying work of its common-law copyright and secures for

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[2] Such formalities included, for example, affixing copyright notice in the proper form and place, *see* App., *infra*, B8; 17 U.S.C. §§ 10, 19 (1909), and for a time, domestic manufacture requirements. 17 U.S.C. § 16 (1909).

the underlying work the protection of the derivative work's statutory copyright. Thus, if the derivative copyright lapses because it is not renewed, the underlying work falls into the public domain along with the derivative work.

As set forth below, the decision below should be reviewed and reversed by this Court for several important reasons:

1. the decision below conflicts with the express language of Section 7 of the 1909 Act;
2. the decision below flies in the face of the long-standing principle that copyright in a derivative work covers only the new matter added, and not the material derived from the underlying work,
3. the decision below conflicts with the principle that performance of a work does not constitute publication of that work; and
4. the decision below conflicts with this Court's interpretation of Section 7 in *Stewart v. Abend*, 495 U.S. 207 (1990), and with several lower court opinions following *Abend*.

V. STATEMENT OF THE CASE

Petitioner Batjac Productions, Inc. ("Batjac") is a motion picture production company founded by actor John Wayne. It has always been a family-owned and operated company and is currently managed by John Wayne's son and the producer of the Motion Picture, Michael Wayne.

In 1962, James Edward Grant ("Grant") wrote an original screenplay entitled "McLintock!" (the "Screenplay") and assigned all rights in his unpublished Screenplay to Batjac. The written Screenplay was never published, and no federal copyright registration was obtained for it.

In 1963, Batjac produced a feature film based on the Screenplay, starring John Wayne and Maureen O'Hara ("the Motion Picture"). In 1963 the Motion Picture was registered for federal statutory copyright, and on November 1, 1963, was theatrically released to the general public. This Motion Picture copyright was eligible for renewal in 1991. However, due to an oversight, no renewal registration was secured for the Motion Picture and, in 1991, those elements of the Motion Picture covered by the statutory copyright fell into the public domain.

GoodTimes is in the business of manufacturing and selling home videotapes of films. In 1993, GoodTimes began manufacturing and selling videotapes of the Motion Picture on a commercial scale without Batjac's permission.

Pursuant to 17 U.S.C. § 411(a), in anticipation of filing the action below against GoodTimes, in January 1996 Batjac applied for federal copyright registration for the unpublished Screenplay.[3] The Copyright Office refused the application.

On February 23, 1996, Batjac commenced this action for copyright infringement of the Screenplay. Batjac's complaint alleged that GoodTimes' video copies of the Motion Picture infringed Batjac's common-law copyright in the Screenplay.

The Register intervened in the case pursuant to 17 U.S.C. § 411(a). In February and March of 1997, all parties moved for summary judgment on all claims. The District Court granted GoodTimes' and the Register's motions for

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[3] 17 U.S.C. § 411 (a) states in pertinent part: " . . . no action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title. . . ." or registration has been refused.

summary judgment.[4] The cornerstone of the District Court's opinion was its holding that the Screenplay was "published" by operation of law when the Motion Picture was released and thereby acquired statutory copyright in place of its common-law copyright. App., *infra*, B20. The District Court held that "[w]hen Batjac failed to renew the motion picture copyright in 1991, all portions of the work covered by the Motion Picture copyright [including the Screenplay] entered the public domain." *Id.*

Batjac appealed from the judgment of the District Court. On November 5, 1998, the Ninth Circuit issued its opinion affirming the District Court's judgment.

The cornerstone of the Ninth Circuit's opinion was its holding that Section 7 applies only to pre-existing works protected by federal statutory copyright, and not those protected by common-law copyright. App., *infra*, A16. Having concluded that Section 7 did not protect the Screenplay, the Ninth Circuit held that publication of the Motion Picture also published the screenplay to the extent the Screenplay was incorporated in the Motion Picture. *Id.*, at A16-A17.

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[4] The District Court also ruled on summary judgment motions raised by the parties to the *Maljack v. UAV* portion of the consolidated case. The portion of the District Court's opinion discussing the *Maljack v. UAV* motions was not part of the Ninth Circuit appeal below and is therefore not a part of this Petition.

VI. REASONS WHY CERTIORARI SHOULD BE GRANTED

A. The Decision Below Directly Conflicts With Section 7 Of The Copyright Act Of 1909, Which Protects The Copyright Of Pre-Existing Works From Destruction By Publication Of Derivative Works.

Section 7 of the 1909 Act resolves the central issue raised in this case: does publication of a derivative work have the legal effect of publishing the underlying work on which it is based – even where the underlying work itself has never seen the light of day? According to the express language of Section 7, the answer is plainly "no."

This Court should grant certiorari to resolve the question whether Section 7 protects the copyright of underlying works from destruction by publication of a derivative work where the underlying work is protected by common-law, as opposed to statutory copyright.

Section 7 states, in pertinent part:

> Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works . . . shall be regarded as new works subject to copyright under the provisions of this title; but *the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof*, or be construed to imply an exclusive right to such use of the original works, *or to secure or*

> *extend copyright in such original works.* (emphasis added).[5]

The Ninth Circuit's conclusion that the publication of the Motion Picture also published the Screenplay, and replaced the Screenplay's existing common-law copyright with the new Motion Picture statutory copyright, is directly contrary to the express language of section 7: "*[T]he publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or be construed . . . to secure . . . copyright in such original work.*" (emphasis added). Publication of the Motion Picture could neither destroy the common-law copyright nor "secure" statutory copyright for the pre-existing Screenplay. Because the Screenplay did not secure statutory protection in 1963 via publication of the Motion Picture, it *could not* have lost statutory protection in 1991.

Recognizing the unmistakable meaning of Section 7, the Ninth Circuit concluded that Section 7 simply does not apply where the underlying work is protected by common-law

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[5] Although this case does not arise under the 1976 Act, Section 103(b) of the 1976 Act carries forward the prior law's precept. The House Report on the new act, accordingly, states:

> Section 103(b) is also intended to define, more sharply and clearly than does Section 7 of the present law, the important interrelationship and correlation between protection of preexisting and of 'new' material in a particular work. *The most important point here is one that is commonly misunderstood today: copyright in a 'new version'* covers only the material added by the later author, and *has no effect one way or the other on the copyright or public domain status of the preexisting material.*

House Rep., p. 57 (emphasis added). *Accord Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 488-89 (2d Cir. 1977) (Friendly, J.) (setting forth the pertinent legislative history of Section 7 of the 1909 Act and noting that "[t]he . . . objective was that nothing done by the proprietor of the derivative copyright should impair the underlying copyright"), *cert. denied*, 431 U.S. 949.

as opposed to statutory copyright. The Ninth Circuit agreed with Batjac that "the term 'copyright' included both statutory and common-law protection in the lexicon of both courts and treatise writers circa 1909." App., *infra*, A11. Nonetheless, the court went on to conclude that, in drafting the 1909 Act, Congress chose to use the term "copyright" more narrowly, to mean only statutory copyright. *Id.*, at A13. Petitioner respectfully submits that this narrow view of the meaning of the term "copyright" as used in Section 7 is unsupported by the language of the 1909 Act and, in fact, directly contradicts this Court's interpretation of Section 7 in *Abend*.

"It is . . . well established that '[w]here Congress uses terms that have accumulated settled meaning under . . . the common-law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of those terms.'" *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 739 (1989) (citation omitted); *Commissioner v. Keystone Consol. Industries*, 508 U.S. 152, 159 (1993) (Congress is presumptively aware of the settled interpretation of terms and phrases included in a statute.).

Section 7 refers to "any subsisting copyright," not "any subsisting *statutory* copyright." To limit this broad language to only statutory copyrights violates a basic rule of statutory construction: the courts do not have the power "to read into the statute words not explicitly inserted by Congress." *Stanton Road Associates v. Lohrey Enterprises*, 984 F.2d 1015, 1020 (9th Cir. 1993); *People of State of California v. FCC*, 905 F.2d 1217, 1242 (9th Cir. 1990).

While some provisions of the 1909 Act do use the term "copyright" in the narrow sense to mean only statutory copyright, those provisions generally make this narrow use of the term clear by employing limiting language such as "copyright provided by this title" (*see, e.g.*, 17 U.S.C. §§ 1, 3, 4, 5, 9, 10, 24, 28, 101, 104, 207 (1909)), or by making the limitation patently obvious from the context. *See, e.g.*, 17

U.S.C. § 6 (1909) (pertaining to *registration* of claims to copyright); § 13 (copyright "secured by publication of the work with notice"); § 19 (prescribing the form of notice required in § 10); § 25 (referring to "subsisting copyrights originally registered in the Patent Office . . . under section 3 of the Act of June 18, 1874").

That the word "copyright" is sometimes qualified in the 1909 Act to refer only to statutory copyright hardly means that every use of the word in the Act refers *only* to statutory copyright. In fact, the inference is just the opposite: where the term "copyright" is not so qualified, either expressly or impliedly, it must apply to all forms of copyright, particularly when Congress used the broadening prefatory phrase "*any* subsisting" copyright.

B. The Decision Below Disregards And Directly Conflicts With This Court's Interpretation Of Section 7 Of The 1909 Act In *Stewart v. Abend.*

Unambiguous language in this Court's *Stewart v. Abend* opinion answers in Batjac's favor the question posed by this case. *Abend* states in relevant part:

> The dissent attempts to undercut the plain meaning of § 7 by looking to its legislative history and the substitution of the term 'publication' for 'copyright' in the force or validity clause. According to the dissent, that particular alteration in the proposed bill 'made clear that it was the publication of the derivative work, not the copyright itself, that was not to affect the force or validity of any subsisting copyright.' [quoting dissent] . . . [However,] the language change was suggested only to ensure that *the publication of a*

> *'new compiled work' without proper notice, including smaller portions that had not been previously published and separately copyrighted, would not result in those sections moving into the public domain . . .*

495 U.S. at 233 (emphasis added).[6]

Adding further force to this conclusion, the majority repeatedly observed that the "plain meaning" and "plain language" of section 7 were to ensure that "the copyright in the 'matter employed' – the preexisting work incorporated into the derivative work [7] – is not abrogated by publication of the new work." *Abend*, 495 U.S. at 231, 232, 233, 235.

The Ninth Circuit dismissed this passage from *Abend* as *dicta*, and asserted that the *Abend* majority essentially made a "mistake":

> For support of its position, the [*Abend*] majority referenced the legislative history of the revision and cited to a law review note. Paraphrasing the note, [fn] the Court inserted the

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[6] In *Abend*, the author of a short story assigned to a film production company the right to make motion pictures based on his short story. 495 U.S. at 211-212. The author also agreed to renew the statutory copyright obtained for the short story. *Id.* In 1954, the Alfred Hitchcock film "Rear Window," based on the short story, was released. *Id.* at 212. The author died in 1968 before he could renew the short story copyright as he had promised. *Id.* The author's heirs assigned the copyright renewal term in the short story to Abend. *Id.* Abend sued the owners of the film alleging that the re-release of the film infringed his copyright in the short story because the film owners' right to use the short story during the renewal term lapsed when the author died before he could obtain the renewal registration. 495 U.S. at 213. The United States Supreme Court agreed with Abend. In reaching its conclusion, the Supreme Court focused at length on the plain meaning and legislative history of Section 7.

[7] As the Ninth Circuit recognized, this Court "used the terms 'new works' and 'derivative works' interchangeably in discussing the 1909 Act." App., *infra*, A8-A9, n.6, *citing Abend*, 495 U.S. at 230-231.

> language 'including smaller portions that had not been previously published and separately copyrighted,' [citation omitted] even though that language was neither supported by Hale's testimony to Congress [citation omitted], nor by any cited authority in the law review note.

App., *infra*, A19.

To the contrary, the passage from *Abend* means just what it says: publication of a new work, including smaller portions that *had not been previously published*, would not result in *those sections* (*i.e.* the sections *not* previously published) moving into the public domain. *Abend*, 495 U.S. at 233. In our justice system, it is highly improper for lower courts to simply decline to follow binding Supreme Court precedent, dismissing the Supreme Court's reasoning as a "mistake"!

The *Abend* passage is binding on lower courts. In stating that publication of a new work does not divest an unpublished underlying work of common-law protection, the *Abend* majority was directly considering and rejecting a point made by the dissent.[8] Where the Supreme Court carefully examines an issue in direct response to a point urged by the dissent, its decision with respect to that issue is binding. *United States v. Santana*, 6 F.3d 1, 9 (1st Cir. 1993) (opinion is binding where response to dissent is "of recent vintage" and

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[8] The issue about which the majority and the dissent disagreed was whether Congress' purpose in changing the word "copyright" to "publication" in Section 7 was to clarify that it was publication of the derivative work, not the copyright itself, that was not to "affect the force or validity of any subsisting copyright." *Abend*, 495 U.S. at 249 (Stevens J., dissenting). That point was essential to the dissent's ultimate conclusion that a copyright in a derivative work extends to both the new material and to that "in which copyright is already subsisting." *Id.*, 495 U.S. at 241.

has not been "diluted by any subsequent pronouncement" of the Supreme Court).

The "distinctive earmark" of *dictum* is that it "could have been deleted without seriously impairing the analytical foundations of the holding – [and] being peripheral, may not have received the full and careful consideration of the court that uttered it." *Cajun Electric Power Cooperative, Inc. v. U.S.*, 109 F.3d 248, 256 (5th Cir. 1997), *quoting Sarnoff v. American Home Products Corp.*, 798 F.2d 1075, 1084 (7th Cir. 1986). By definition, if the majority and the dissent express significant disagreement about an issue that causes one side to reach a different conclusion, that issue is not "peripheral." *See In re Thirteen Appeals Arising out of San Juan Dupont Plaza Hotel Fire Litigation*, 56 F.3d 295, 305 (1st Cir. 1995) (where majority discussion is in direct response to a point which the dissent asserted as a reason for its disagreement with the majority's holding, that discussion can "hardly be dismissed as a slip of the pen").

Even if the passage were technically *dictum*, it is nonetheless "[c]arefully considered language of the Supreme Court" which "generally must be treated as authoritative." *Doughty v. Underwriters at Lloyd's, London*, 6 F.3d 856, 861 n.3 (1st Cir. 1993) (citations omitted), *rejected on other grounds*, *Quackenbush v. Allstate Ins. Co.*, 517 U.S. 706 (1996); *see also Local 28 of Sheet Metal Workers Int'l Assn. v. EEOC*, 478 U.S. 421, 490 (1986) ("Although technically dicta, . . . an important part of the Court's rationale for the result that it reache[s] . . . is entitled to greater weight.") (O'Connor, J., concurring); *McCoy v. Massachusetts Institute of Technology*, 950 F.2d 13, 19 (1st Cir. 1991) ("appellate courts are bound by the Supreme Court's considered dicta almost as firmly as by the Court's outright holdings, particularly when . . . a dictum is of recent vintage and not enfeebled by any subsequent statement"), *cert. denied*, 504 U.S. 910 (1992). In short, "dicta from the Supreme Court is not

something to be lightly cast aside." *Peterson v. BMI Refractories*, 124 F.3d 1386, 1392 n.4 (11th Cir. 1997).

Given the intense scrutiny by the *Abend* majority of the language of and principles underlying Section 7, and the care the majority took in crafting its response to the dissent, the Supreme Court's finding about the meaning of Section 7 can hardly be characterized, as the District Court below pronounced, "not the product of in-depth analysis." App., *infra*, B17.

C. The Decision Below Conflicts With Long-Standing Principles Of Copyright Law: Copyright Protection For A Derivative Work Protects Only "New Matter Added", And Performance Of A Work Does Not Constitute Publication Of That Work.

If the Ninth Circuit's interpretation of Section 7 were correct, then Section 7 would have no pertinence whatsoever to the question whether publication of a derivative work "publishes" and secures statutory copyright for an unpublished underlying work, such as the Screenplay, which is neither in the public domain nor protected by statutory copyright. In that case, we would have only general principles of copyright law to guide us in seeking an answer to the question at hand. Whether or not Section 7 applies here, there can be no doubt that the Ninth Circuit's analysis runs afoul of the following fundamental principles of copyright law.

1. A Derivative Copyright Protects Only the New Matter Added.

As this Court recognized in *Abend*, it is a "well established doctrine that a derivative copyright protects *only* the new material contained in the derivative work, *not* the matter derived from the underlying work." *Abend*, 495 U.S. at 223 (emphasis added), *quoting Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980); *see also House Rep. at 57* ("the most important point here is one that is commonly misunderstood today: copyright in a 'new version' covers only the material added by the later author"); *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir. 1951), *cert. denied*, 342 U.S. 849 (1951) (copyright in derivative work opera did not extend to underlying novel or play); *Cordon Art B.V. v. Walker*, 40 U.S.P.Q.2d (BNA) 1506, 1510-11 (S.D.Cal. 1996) ("while the copyright of underlying works protects original elements incorporated in derivative work, the copyright in a derivative work itself extends to new materials contributed by the author of that work, as distinguished from the preexisting material"). This principle holds true whether or not "the pre-existing work is inseparably intertwined with the derivative work." *Abend*, 495 U.S. at 223.

In *Gilliam v. American Broadcasting Co., Inc.*, 538 F.2d 14 (2d Cir. 1976) the Second Circuit applied this principle to derivative and underlying works similar to those at issue here: "Section 7 limits the copyright protection of the derivative work, as works adapted from previously existing scripts have become known, to the novel additions made to the underlying work. . ." *Gilliam*, 538 F.2d at 20.[9]

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[9] In *Shoptalk, Ltd. v. Concorde-New Horizons*, Nos. 97-9209(L), 97-9251, (1999 U.S.App.LEXIS 1416 (2d Cir., Feb. 3, 1999), the Second Circuit declined to follow its own prior statement, in a footnote in

Likewise, the statutory copyright in the Motion Picture only protected the new matter contained therein. It follows that when that copyright fell into the public domain, *only the new matter contained in the Motion Picture fell into the public domain.* The Screenplay retained whatever copyright status it had prior to the publication of the Motion Picture – in this case, common-law copyright protection.

The Ninth Circuit did not, however, even address this fundamental principle in its opinion. Of course, it could not. The Ninth Circuit's holding is irretrievably inconsistent with this long-standing principle of copyright law. Instead, in support of its holding, the Ninth Circuit reasoned that:

> The McLintock! screenplay was copyrightable and is a component of the motion picture to the extent it was incorporated into one film. As such, it fell into the public domain with one motion picture.

App., *infra*, A25. The Ninth Circuit further reasoned that, as a "component part" of the Motion Picture, the Screenplay was protected by the Motion Picture's statutory copyright pursuant to Section 3 of the 1909 Act. *Id.*

First, a screenplay is not merely a "component part" of a derivative work motion picture. For copyright purposes, the Screenplay and the Motion Picture are *two separate and*

Gilliam, that "the same principles [of §7] with respect to derivative works adapted from material in which there is a statutory copyright also apply to material in which there is a common-law copyright," stating instead that this language in *Gilliam* was *dictum*. *Shoptalk*, 1999 U.S.App.LEXIS at *24-25. Petitioner submits that the *Shoptalk* appellate decision is contrary to U.S. copyright law and policy (*see, discussion, supra, at Section D*), and that the *Gilliam* footnote states the correct view of the law. Nonetheless, the *Shoptalk* decision does not alter the force of the *Gilliam* decision insofar as it applied the principle that a derivative copyright protects only new matter added.

distinct works each of which stand alone.[10] In fact, Congress expressly recognized that an underlying screenplay is itself a separately copyrightable artistic product:

> [A]lthough a novelist, playwright, or song-writer may write a work with the hope or expectation that it will be used in a motion picture, this is clearly a case of *separate or independent authorship* . . . the motion picture is a derivative work within the definition of that term, and . . . copyright in a derivative work is independent of . . . any pre-existing material incorporated in it.

House Rep., 1976 WL 14045 at *181 (emphasis added).

Second, the Ninth Circuit's application of § 3 to the facts of this case flies in the face of the principle that "a derivative copyright protects *only the new material* contained in the derivative work, *not the matter derived from the underlying work*" *Russell*, 612 F.2d at 1128 (emphasis added). A derivative copyright only protects those "components" of the derivative work that are original contributions – i.e., new matter – *not* those that were derived from the underlying work.

By way of example, when a film-maker produces a film based upon a William Shakespeare play, the play is not a "component part" protected by the film's copyright under Section 3. Hence, a copyright secured for the Sir Laurence Olivier film version of *Hamlet* covers only the new elements added to that film. Shakespeare's work itself is not covered by the copyright protection for the Olivier film. Other film-makers, (such as Kenneth Branagh), are free to make later derivative film versions of *Hamlet* and to secure protection

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[10] Indeed, there is even a separate market for screenplays sold in book form in bookstores and catalogued in libraries throughout the world. Screenplays are bought for a variety of reasons, including for use in acting classes and to see the origins of popular films.

for the original touches they add to the work. The underlying work itself – whether Shakespeare's *Hamlet* or the Screenplay at issue here – is *not* a component that is protected by the derivative film copyright pursuant to Section 3.

Finally, the Ninth Circuit's "concern" "about letting 'unpublished' works resurrect copyright protection over derivative works that have already entered the public domain," App., *infra*, A21, betrays a fundamental misunderstanding of copyright law. Since the copyright in a derivative work only protects the new matter in that work, it is only the *new matter* which can fall into the public domain upon failure to renew the derivative copyright. Accordingly, the underlying Screenplay simply cannot "resurrect" protection for that which was never contained in the Screenplay – i.e. the *new matter* added by the Motion Picture.

2. Performance Of A Work Does Not Constitute Publication Of That Work.

The 1976 Act expressly provides that "a public performance or display of a work does not of itself constitute publication." 17 U.S.C. § 101 (definition of "publication"). Prior to the enactment of the 1976 Act, "it was firmly established as a matter of case law that the . . . performance of a literary, dramatic, or musical work does not constitute a publication of that work." 1 *Nimmer* § 4.08 at 4-43; *Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1452 (9th Cir. 1991) ("mere performance or exhibition of an artistic work does not amount to a publication").

As Professor Nimmer noted, "[i]t is difficult to conclude, however, that a performance of a play or other literary or musical work constitutes a 'copy' of such work any more than the act of driving on a highway from Los Angeles

to Chicago could be regarded as a 'copy' of a transcontinental road map." I *Nimmer*, §4.08[B], at 4-47. "As long as the work is not issued to the public in *copies*, it may continue to enjoy . . . protection under the common-law, though disseminated in performances to the widest possible public." William S. Strauss, "Protection of Unpublished Works," ("Strauss") at 10, study no. 29, Copyright Law Revision Studies prepared for Subcommittee on Patents, Trademarks, and Copyrights of the Senate Committee on the Judiciary, 86th Cong. 1st Sess. 1 (1961).

As an audio-visual interpretive *performance* of the Screenplay, the Motion Picture is no more a "copy" of the Screenplay than Professor Nimmer's hypothetical road-trip would be a "copy" of a road map, or a house would be a copy of blueprints on which its construction was based. *See Nucor Corp. v. Tennessee Forging Steel Service, Inc.*, 476 F.2d 386 (8th Cir. 1973), and discussion, *infra* at Section D(3).

D. The Decision Below Conflicts With A Number Of Recent District Court Decisions Holding That Publication Of A Derivative Work Does Not Publish, And Thereby Does Not Invest With Statutory Copyright, An Unpublished Pre-existing Work.

Following *Abend*, several other subordinate courts have agreed that publication of a derivative work does not affect the common-law copyright protection of an underlying work.

Jim Henson Productions, Inc. v. John T. Brady & Assoc., 867 F. Supp. 175, 185 (S.D.N.Y. 1994), addressed the identical issue presented here – whether publication of a derivative work with copyright notice replaces an underlying unpublished work's common-law copyright with statutory copyright protection. The *Jim Henson* court closely examined

the Supreme Court's discussion in *Abend* as to the meaning of Section 7 and concluded that the Supreme Court meant precisely what it said: that the publication of a derivative work can have no effect on the status of the underlying material, whether it is protected by statutory or common-law copyright. Similarly, *Cordon Art*, *supra*, held that publication of derivative art reproductions did not affect common-law copyright protection in underlying drawings and master blocks.[11]

Shoptalk, Ltd. v. Concorde-New Horizons Corp., 897 F.Supp. 144 (S.D.N.Y. 1995), involved the question of the continuing vitality of common-law copyright protection for an unpublished screenplay titled *Little Shop of Horrors*, written in 1959. In 1960, a feature motion picture was produced based upon that screenplay. *Shoptalk*, 897 F.Supp. at 144. The statutory copyright in the motion picture was not renewed, and the motion picture thus passed into the public domain. *Id.* at 145. Plaintiffs in *Shoptalk* argued that the screenplay was published along with the motion picture and that it therefore fell into the public domain along with the motion picture. *Id.* The District Court disagreed, and held that the screenplay was not published along with the motion picture, but enjoyed continued common-law protection until 1978, when it was converted to statutory protection. *Id.* at 147.

On February 3, 1999, the Second Circuit Court of Appeals reversed the District Court's decision in *Shoptalk*. *Shoptalk, Ltd. v. Concorde-New Horizons*, Nos. 97-9209(L),

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[11] Even prior to the Supreme Court decision in *Abend*, numerous courts reached the same conclusion. *See, e.g., Roy Export Co. Establishment Of Vadus v. Columbia Broadcasting System*, 672 F.2d 1095, 1103-04 (2d Cir. 1982), *cert. denied* 495 U.S. 826 (1982); *Hearst Corp. v. Shopping Center Network, Inc.*, 307 F. Supp. 551, 556-57 (S.D.N.Y. 1969); *Brecht v. Bentley*, 185 F. Supp. 890, 894 (S.D.N.Y. 1960); *De Mille Co. v. Casey*, 121 Misc. 78, 201 N.Y.S. 20, 27-28 (Sup. Ct. N.Y. Co. 1923).

97-9251, 1999 U.S.App.LEXIS 1416 (2d Cir., Feb. 3, 1999). For all the same reasons that the Ninth Circuit's decision below should be reviewed and reversed by this Court, the Second Circuit's decision in *Shoptalk* is contrary to U.S. copyright law and policy. In particular, the Second Circuit's conclusion that "the publication of the Motion Picture in 1960 published so much of the Screenplay as was disclosed in the Film," *Id.*, 1999 U.S.App.LEXIS at *23, is irreconcilable with the fundamental principle that a derivative copyright protects only the new matter added and that performance of a work does not constitute publication of that work. (*See* discussion at Section C.2., *supra*). As with the Ninth Circuit below, the Second Circuit's opinion did not even address these fundamental principles. Also like the Ninth Circuit below, the Second Circuit in *Shoptalk* simply dismissed, with no discussion whatsoever, this Court's well-reasoned statement in *Abend* discussing the "plain meaning" of Section 7.

The Ninth Circuit simply dismissed the District Court opinions in *Shoptalk* and *Jim Henson* with no reasoned analysis of those decisions. Instead, the court expressly adopted the holdings in *Harris Custom Builders, Inc. v. Hoffmeyer*, 92 F.3d 517 (7th Cir. 1996), *cert. denied* 519 U.S. 1114 (1997) and *Classic Film Museum, Inc. v. Warner Bros., Inc.*, 453 Supp. 852 (D.Me. 1978), *aff'd*, 597 F.2d 13 (1st Cir. 1979) in support of its conclusion that an unpublished screenplay protected by common-law copyright is published by the publication of a derivative motion picture. Both *Harris* and *Classic Film* are inapposite.

Harris is based on the 1976 Act, *not the 1909 Act*. "Our analysis is relevant only to cases, such as this one, which arise under the 1976 Act." *Harris*, 92 F.3d at 517. This is a critical distinction because the 1976 Act does not address divestiture of common-law copyrights by publication; it *abolished* common-law copyright and replaced it with a purely federal system. 17 U.S.C. §§ 102(a), 104(a). *Harris*

contains absolutely no analysis of the 1909 Act, and therefore cannot be considered persuasive authority as to whether, under the 1909 Act, publication of a derivative work publishes underlying original works.

Harris is also factually distinguishable from the instant case. *Harris* held that faulty publication of a brochure depicting, *inter alia*, an incomplete, abbreviated version of plaintiff's unpublished architectural plans in the same two-dimensional printed medium as the plans themselves, resulted in publication of the plans. Since nothing was added and the portions of the brochure containing the plans were virtually identical to the plans themselves, the publication of the brochure was in essence a publication of the underlying plans itself.

By contrast, the Screenplay and Motion Picture are works in entirely different media containing substantial differences due in large part to the addition of new audio and visual material. Section 26 of the 1909 Act defines the "date of publication" as "the earliest date when *copies* of the first authorized edition were placed on sale, sold, or publicly distributed." 17 U.S.C. § 26 (1909) (emphasis added). Under the 1909 Act, "publication could not occur unless the public had the opportunity to obtain physical possession of tangible copies of the work." *Nimmer*, § 4.04 at 4-22.1 n.28, § 4.07 at 4-42 (1997). Distribution of the Motion Picture certainly does not give the public the opportunity to obtain physical possession of tangible copies of the written Screenplay. Thus, distribution of the Motion Picture does not constitute "publication," as that term was used in the 1909 Act, of the underlying Screenplay.

Along these same lines, this Court has held that a musical roll made for a player piano is not a *copy* (for the purposes of the copyright laws) of the sheet music. *White-Smith Music Publishing Company v. Apollo Company*, 209 U.S. 1, 17 (1907).

> When the combination of musical sounds is reproduced to the ear it is the original tune as conceived by the author which is heard. These musical tones are not a copy which appeals to the eye. *In no sense can musical sounds which reach us through the sense of hearing be said to be copies [of a written work]*, as that term is generally understood and as we believe it was intended to be understood in the statutes under consideration.

Id. (emphasis added); *see Shoptalk*, 897 F.Supp. at 146-147 (rejecting argument that the screenplay and motion picture are so identical as to constitute the "same work" for purposes of publication under the 1909 Act.)

Other courts have more recently held that publication of a derivative work did not also publish an original work in a different media. This principle is perhaps best reflected in the treatment of architectural plans. While publication of abbreviated (two-dimensional) drawings derived from unpublished blueprints has been held to publish the underlying (also two-dimensional) blueprints, *see*, *Harris*, *supra*, construction of a (three-dimensional) building based upon written architectural plans does *not* publish the written plans. *Nucor*, 476 F.2d 386.

> An architectural plan is a technical writing . . . capable of being copied only by similar technical writings, that is, by other plans, etc. A structure is the result of plans, not a *copy* of them. It follows that building a structure and opening it to the public gaze cannot be a publication of its plans.

Id. at 391, n. 8, *quoting* Katz, "Copyright Protection of Architectural Plans, Drawings and Designs," 19 Law and Contemp. Prob 224, 236 (1954) (emphasis in original). *See also Creative House*, 944 F.2d at 1452 ("publishing two-

dimensional pictures does not constitute a divesting publication of three-dimensional objects."); *Jim Henson*, 867 F.Supp. at 186 (publication of derivative hand puppets neither published nor vitiated common-law copyright in underlying character designs); *Kamar Intern., Inc. v. Russ Berrie and Co.*, 657 F.2d 1059, 1062 (9th Cir. 1981) (two-dimensional catalogue pictures are not tangible copies of stuffed toys depicted therein and therefore did not publish the toys).

Likewise, the Motion Picture here is in no sense a "copy" of the Screenplay – one is a written work and the other is an artistic performance using both visual and verbal forms of communication. (*See* discussion, *supra*, at Section C.2.). Moreover, the Motion Picture by necessity interprets the Screenplay, adding emphasis in different parts of the story and nuances that may change the meaning of the words which make up the Screenplay. In fact, it stands to reason that if you gave the Screenplay to five (5) different film makers and asked them each to make a film, you almost certainly would see five very different films. A Screenplay is only one of many tools that are utilized in creating a motion picture.

The Ninth Circuit's suggestion that, if release of the Motion Picture did not *publish* the Screenplay, then GoodTimes' later distribution of the Motion Picture cannot *infringe* the Screenplay, is based upon a serious misunderstanding of the differences between publication and infringement. Infringement is a much broader concept than publication. While publication under the 1909 Act was limited to the distribution of tangible *copies* of a work, acts of infringement include not only "copying" as such, but violations of *any* of the exclusive rights of the copyright owner, including the exclusive right to prepare derivative works. *See* 17 U.S.C. §§ 106, 501 (1976). The Second Circuit recognized this in *Gilliam*:

> Since the copyright in the underlying script survives intact despite the incorporation of

> that work into a derivative work, one who uses the script, even with the permission of the proprietor of the derivative work, may infringe the underlying copyright.

Gilliam, 538 F.2d at 20.

Like *Harris*, *Classic Film* contains no analysis of Section 7 of the 1909 Act. In fact, *Classic Film* did not even address the issue involved in this appeal, and instead *assumed* that common-law copyright in the original work survived publication of the derivative work. *Classic Film*, 453 F.Supp. at 854. Furthermore, the rationale underlying its holding is now moot and irrelevant.

In *Classic Film*, a film distributor, sought a declaration that it was entitled to distribute copies of a public domain derivative work, the 1937 film "A Star is Born," on which the defendant's statutory copyright had expired. It was undisputed that the defendant retained "*valid common-law copyrights in the [underlying] story, screenplay and musical score from which the film was derived . . . and that no one not authorized by defendant [could] produce a [new] version of 'A Star is Born' based on these materials.*" *Id.* (emphasis added). Therefore, implicitly, it was undisputed that publication of the movie did *not* publish the Screenplay.

Consequently, the *Classic Film* court expressly declined to decide the issue presented in this case:

> [I]t is unnecessary to reach *the still unsettled question* of the public dedicatory effect, if any, of the distribution of a motion picture film on common-law copyrights in the materials on which the film is based . . . either is it necessary to reach the further question of the effect, if any, under § 7 of the Copyrights Act of 1947 . . . *of publication of a derivative work on an existing common-law copyright in the underlying work.*

Id. at 854, n.1. (emphasis added). *Classic Film* is thus unavailing because the issue in dispute in this case was conceded by the parties, and was not addressed by the Court in *Classic Film*.

Furthermore, *Classic Film* made undeniably clear that the *only* reason the common-law copyright in the screenplay would not prevent unauthorized dissemination of the motion picture was the *policy* concern that allowing the plaintiff to prevent use of a public domain film based solely on its common-law copyright in the Screenplay

> would permit the proprietor of the copyright in the underlying work to extend for an *indefinite time* his monopoly of those portions of the derivative work which are based on the underlying material. . . . To permit this result *would frustrate the whole concept of limited monopoly* in copyright.

Id. at 855-856 (emphasis added).

The policy concern expressed in *Classic Film* and by the Ninth Circuit below was remedied by Congress when it passed the 1976 Act, substituting limited-term statutory protection for all prior common-law copyrights. Prior to passage of the 1976 Act, U.S. copyright law *did* sanction perpetual protection of unpublished works. Under that system, "the owner of the common-law rights [could] disseminate the work publicly in every conceivable way except by publishing copies, and his rights continue[d] perpetually in spite of the constitutional policy of copyright for a limited time." Strauss, at 26. The concern expressed by the Ninth Circuit and the *Classic Film* court regarding this situation is hardly a new one. Numerous bills were submitted to Congress over the years in an effort to remedy this perceived problem. *See* Strauss at 20-25 (summarizing bills).

In passing the 1976 Act, Congress successfully remedied the problem by eliminating common-law copyright

protection altogether and substituting a limited term of statutory copyright for all works (including those previously protected by common-law copyright). By pointing to the specter of perpetual copyright to justify its decision, the Ninth Circuit has second-guessed Congress' reasoned response to the problems created by perpetual nature of common-law copyright. It is not for the courts to reach back in time and change the nature of copyright protection afforded to unpublished works under the prior "dual" system of copyright. *Quality King Distrib., Inc. v. L'Anza Research Intern., Inc.*, 523 U.S. 135, 118 S.Ct. 1125, 1134 (1998) ("whether or not we think it would be wise policy to provide statutory protection . . . is not a matter that is relevant to our duty to interpret the text of the Copyright Act.").

Accordingly, the rationale of *Classic Film* is no longer viable, and its holding is irrelevant to this case. *See Jim Henson*, *supra*, 867 F.Supp. at 186 n.13 ("the rationale of [*Classic Film*] – that allowing the assertion of the common-law copyright in circumstances like these would give the copyright owner an unlimited monopoly – is no longer applicable given that common-law copyrights are now temporally limited under the Copyright Act of 1976.").

In fact, the copyright in the underlying work in this case *cannot* extend in perpetuity, since it would have been converted to a statutory copyright of limited duration as of January 1, 1978. *See* 17 U.S.C. § 303. Thus, here, as in *Russell v. Price*, there is no conflict "with the limited monopoly policy rooted in the Copyrights Clause of the constitution and advanced in the congressional acts" which troubled the court in *Classic Film*. *Russell*, 612 F.2d at 1129.

The Ninth Circuit disagreed, stating that "[t]he District Court in *Classic Film* addressed the impact of the 1976 Act noting that even under the 1976 Act a common-law copyright would act to extend protection of the film beyond its statutory maximum." App., *infra*, A23. Not only is this a misreading

of *Classic Film*, it is simply not true. The *Classic Film* court merely noted in a footnote that, *in that case*, the common-law copyright for the story, screenplay and score at issue, would extend until the year 2037, 100 years from the creation of that work. *Classic Film*, 453 F.Supp. At 856, n. 4. That date *is* the applicable statutory maximum under the 1976 Act, not an "extension" of it.

In *this* case, if, as Batjac contends, the common-law copyright survived publication of the Motion Picture and was subsequently converted to a statutory copyright, the length of copyright protection for the Screenplay is actually *shorter* than it would have been had Batjac obtained a separate statutory copyright for the Screenplay. Had the Screenplay been separately registered in 1963 and renewed in 1991, its copyright could be used to prohibit use of the public domain Motion Picture until the year 2038.[12] In contrast, under Batjac's view at the time this case was filed, the Screenplay would be protected by a statutory copyright which expires in 2016 (fifty years after the death of the author in 1966). With the recent enactment of the Sonny Bono Copyright Term Extension Act, P.L. 105-298, on October 27, 1998, that statutory copyright would now extend seventy years after the death of the author, i.e. to the year 2036 – still two years before it would have expired had the Screenplay been separately registered back in 1963. For this reason, the concern of the Ninth Circuit that Batjac is somehow using "artifice to extend the term limits set forth in the Act for copyrighted works" is simply a red herring. *See* App., *infra*, A23.

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[12] Section 304(b) of the 1976 Act provides that copyrights in their renewal term as of January 1, 1978 would extend to 75 years from the date the statutory copyright was originally secured.

E. Deference To The Practice Of The Copyright Office Is Improper.

The Ninth Circuit justified its ruling, in part, on deference to the practices and the "effective functioning" of the Copyright Office. *Id.* at A15-A17, A21. This deference is improper both as a matter of law, and because in this case the practices of the Copyright Office are contrary to established copyright law and policy.

First, judicial deference to the Copyright Office's interpretation of § 7 is not appropriate in infringement actions such as this. Such deference is appropriate *only* in a direct Administrative Procedures Act suit against the Copyright Office – not in an infringement action where the Court is in as good a position as the Copyright Office to decide the issue. *Carol Barnhart, Inc. v. Economy Cover Corp.*, 773 F.2d 411, 414 (2d Cir. 1985); *OddzOn Products, Inc. v. Oman*, 924 F.2d 346, 350 n.6 (D.C.Cir. 1991) (Ginsburg, J.) (the court's independent determination of the issue of copyrightability is binding on the Copyright Office).

Second, the Register's practice with respect to the publication of screenplays is contrary to established law, and as such is not entitled to deference. The Register's official policy governing Copyright Practices under the 1909 Act provided that "publication of a movie version of an unpublished story does not constitute publication of the story as such." Compendium I, Compendium of Copyright Office Practices, § 3.1.1.IV(a)(2). The current rules and policies, which govern the Copyright Office practices under the 1976 Act, provide that:

> [w]here a preexisting unpublished screenplay is embodied in a motion picture, those elements of the screenplay disclosed in the motion picture are considered to be published at the same time the motion picture is published.

Compendium II, Compendium of Copyright Office Practices 910-04 (1984).

Neither this written policy, nor the "Register's policy to treat the publishing of the motion picture as a publication of the underlying screenplay," App., *infra*, A16, is entitled to deference because that policy is blatantly contrary to established law. Judicial deference to administrative policies that are contrary to established law as set forth by Congress and by the courts distorts the fundamental role of courts and the fundamental principle of separation of powers.

VII. CONCLUSION

For the reasons set forth above, a writ of certiorari should be granted to review the judgment of the Court of Appeals for the Ninth Circuit.

Respectfully submitted,

Bonnie E. Eskenazi
Counsel of Record

Audrey J. Henninger

GREENBERG GLUSKER FIELDS
CLAMAN & MACHTINGER, LLP

Counsel for Petitioner

FOR PUBLICATION

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BATJAC PRODUCTIONS INC., a California Corp., *Plaintiff-Appellant,* v. GOODTIMES HOME VIDEO CORP., a Delaware Corp.; MARYBETH PETERS, Register of Copyrights, *Defendants-Appellees.*	No. 97-55947 D.C. No. CV-96-07416 DDP OPINION

Appeal from the United States District Court
for the Central District of California
Dean D. Pregerson, District Judge, Presiding

Argued and Submitted
August 5, 1998—Pasadena, California

Filed November 5, 1998

Before: Betty B. Fletcher, David R. Thompson and Edward Leavy, Circuit Judges.

Opinion by Judge Fletcher

COUNSEL

Bonnie E. Eskenazi, Greenberg, Glusker, Fields, Claman & Machtinger, Los Angeles, California, for the plaintiff-appellant.

Helene M. Freeman, Dorsey & Whitney, New York, New York, for the defendant-appellee.

Alfred Mollin, United States Department of Justice, Washington, D.C., for the intervenor, defendant-appellee.

OPINION

FLETCHER, Circuit Judge:

Batjac Productions Inc. ("Batjac") appeals the district court's grant of summary judgment to defendant GoodTimes Home Video Corp. ("GoodTimes") and intervenor Marybeth Peters, Register of Copyrights ("Register"). The district court denied Batjac's claim that GoodTimes violated its copyright in the screenplay "McLintock!" and that the Register had an obligation to register the copyright of the screenplay. The district court held that the publication of the motion picture, "McLintock!," effected the publication of the unpublished screenplay to the extent that the screenplay was incorporated into the film.

This case primarily turns upon whether § 7 of the Copy-

right Act of 1909, 17 U.S.C. § 1 *et seq.* (repealed effective 1978) ("1909 Act"), affords protection to intellectual properties that have "common law copyrights,"[1] or protects only federal statutory copyrights. We hold that the language of § 7 does not apply to common law copyrights.

We agree with the reasoning of *Classic Film Museum, Inc. v. Warner Bros., Inc.*, 597 F.2d 13 (1st Cir. 1979), that a common law copyright in the underlying screenplay does not survive the motion picture's loss of copyright and falls into the public domain due to a failure to renew the movie's copyright. The judgment of the district court is AFFIRMED.

BACKGROUND

In 1962, James Edward Grant wrote an original screenplay entitled "McLintock!". Almost immediately, he assigned to Batjac all of his rights in the screenplay, including "all draft versions and adaptations," with the "unqualified right to use said work, in whole or in part, in whatever manner [Batjac] may desire." Batjac was expressly granted all rights to obtain copyrights and to renew and extend those copyrights.

Batjac created the motion picture, "McLintock!," from the screenplay. The picture was released to the general public on November 1, 1963. The motion picture was registered for federal statutory copyright in 1963. Also in 1963, Batjac published a book and a comic book based on the screenplay. Both were registered for copyright.[2]

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[1]Common law copyright is somewhat a misnomer because it refers to both common law and state statutory protection of an author's first publication right. 1 Melville B. Nimmer & David Nimmer, Nimmer on Copyright § 2.02 at 2-18 (1997) [hereinafter Nimmer]. Unlike federal statutory protection, common law copyrights do not protect authors from subsequent copying of their work once published, but instead provide only limited protection for the first publication.

[2]GoodTimes contends that the book and comic book fell into the public domain when not renewed in 1991. However, since GoodTimes failed to

The copyright registration for the motion picture lapsed and McLintock! fell into the public domain in 1991 when it was not renewed. In 1993, GoodTimes began producing and selling videocassettes of McLintock!. In January 1996, pursuant to 17 U.S.C. § 411(a), Batjac applied to register for copyright two intermediate drafts of the screenplay as "unpublished" works. The original September 17, 1962 version of the screenplay was not submitted.

On February 23, 1996, Batjac commenced an action against GoodTimes in the United States District Court for the Southern District of New York alleging infringement of the copyright in both intermediate drafts of the screenplay.

On March 28, 1996, the Copyright Office declined to register the portions of the screenplays contained in the motion picture, now in the public domain. It determined that the release of the motion picture published the motion picture and all components of the motion picture, including the screenplay. The Register intervened in this action pursuant to 17 U.S.C. § 411(a) to defend its determination that the screenplays were in the public domain to the extent that they were incorporated into the motion picture.

The action was transferred to the Central District of California to consolidate with a previously filed action, *Maljack Productions, Inc. v. UAV Corp.*, D.C. Case No. 96-0749 DDP VAPx (the "UAV action"), raising the identical issue. The district court consolidated the case against GoodTimes with the UAV action but only for purposes of deciding the issue of registrability for copyright of the two draft screenplays. All parties moved for summary judgment. The district court in a

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introduce evidence that these publications were not renewed, we do not rely on this argument to affirm the district court. *Id.* (citing *McClure v. Life Ins. Co. of North America*, 84 F.3d 1129, 1133 99th Cir. 1996) and *Amalgamated Transit Union v. Brock*, 809 F.2d 909, 911 n.2 (D.C. Cir. 1987)). The district court did not address these publications in its order.

published opinion granted the Register's and GoodTimes' cross-motions for summary judgment holding that the Register correctly refused to register the draft McLintock! screenplays because the screenplays had secured statutory copyright with the motion picture and had passed into the public domain when the copyright was not renewed. *See Maljack Prods., Inc. v. UAV Corp.*, 946 F. Supp. 1416, 1419 (C.D. Cal. 1997).

STANDARD OF REVIEW

We review de novo grants of summary judgment. *Bagdadi v. Nazar*, 84 F.3d 1194, 1197 (9th Cir. 1996). In reviewing the grant of summary judgment, we "must determine, viewing evidence in the light most favorable to the nonmoving party, whether genuine issues of material fact exist and whether the district court correctly applied the relevant substantive law." *Id.*

ANALYSIS

The question put to us is whether the district court correctly held that the publication of the motion picture, McLintock!, published the incorporated portions of the pre-existing, unpublished screenplay. This turns on the interpretation of § 7 of the 1909 Act. If the screenplay remained unpublished during the period 1963 to 1978 as Batjac contends, then it would have gained statutory protection in 1978 under the Copyright Act of 1976, 17 U.S.C. § 101 *et seq.* ("1976 Act"), and would still be protected today.[3] If however, publication of the movie

[3]Section 303 of the 1976 Act provides that:

> Copyright in a work created before January 1, 1978, but not theretofore in the public domain or copyrighted, subsists from January 1, 1978, and endures for the term provided by section 302. In no case, however, shall the term of copyright in such a work expire before December 31, 2002; and, if the work is published on or before December 31, 2002, the term of the copyright shall not expire before December 31, 2027.

also published the incorporated portions of the screenplay, then those portions of the screenplay entered the public domain in 1991 along with the motion picture. Batjac argues that the district court's holding violates § 7 of the 1909 Act which protects the copyright of pre-existing works from destruction by publication of derivative works.

Overview

Batjac secured copyright for McLintock! under the 1909 Act. The 1909 Act recognizes that both federal and state law provide copyright protection. *See* 1 Nimmer § 2.02. Unpublished works were protected by state common law or statute, while published works were protected by federal statute. *Id.* State "common law" protection attached upon creation of the work and ended with publication of the work. Once published, the only protection available was federal statutory copyright. Publication of a work with proper notice secured the statutory copyright. 17 U.S.C. § 10 (repealed). Statutory copyright provided an initial 28 year term of protection and a 28 year renewal term. § 24 (repealed). To get the renewal term protection, copyright owners had to apply for renewal.

[1] The 1976 Act eliminated common law protection. Under the 1976 Act, unpublished works lost their common law protection but gained statutory protection. The statutory protection for works created but unpublished as of January 1, 1978 endures until 50 years after the authors death or until the year 2002, whichever is longer. § 303. The renewal term for works with subsisting copyrights as of the implementation date for the 1976 Act, January 1, 1978, was lengthened to 47

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17 U.S.C. § 303.

Grant died in 1966. The 1976 Act would protect the unpublished screenplay until 2016 (the life of the author plus 50 years as provided in § 302). If the screenplay were published on or before December 31, 2002, the term of the copyright would be extended to 2027 under § 303.

years but the requirement that copyright owners must apply for renewal was left in place.[4]

Batjac failed to renew the motion picture's copyright in 1991 and now seeks to maintain control of the film by asserting Batjac's rights as copyright holder of the underlying screenplay. Batjac's argument is that the publication of the motion picture did not affect the common law copyright protection over its pre-existing, unpublished screenplay.[5] Rather, Batjac argues that its common law rights were protected by § 7 of the 1909 Act which protects subsisting copyrights against loss that otherwise could occur from the publication of derivative works.

The district court disagreed. It found that publication of the motion picture also published the screenplay. It relied on an opinion of the First Circuit, *Classic Film Museum, Inc. v. Warner Bros., Inc.*, 597 F.2d 13 (1st Cir. 1979). The district court rejected the notion that the 1909 Act extended § 7 protection to common law copyrights. Further, it rejected the claim that the Supreme Court decision in *Stewart v. Abend*, 495 U.S. 207 (1990), applied to common law copyrights. Batjac contends that the district court erred in its analysis of § 7 and *Abend*.

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[4]The Copyright Renewal Act of 1992 amended the 1976 Act by providing for automatic renewal. This Act is prospective only and so does not apply to Batjac's failure to renew.

[5]That the movie was "published" within the meaning of the 1909 Act, *see American Vitagraph, Inc. v. Levy*, 659 F.2d 1023, 1029 (9th Cir. 1981) ("publication" of a motion picture does not occur until the film is in commercial distribution), was not disputed by the parties in this appeal. *Cf. Dolman v. Agee*, ___ F.3d ____, ___ (9th Cir. 1998) (in light of insufficient evidence of publication, declining to reach the question of whether publication of a motion picture constituted publication of songs contained therein).

Section 7 of the 1909 Act

A. The Meaning of § 7 Under the 1909 Act

[2] Section 7 provides that the publication of a derivative work does not affect the validity of a subsisting *copyright* in the preexisting work. Whether the term "subsisting copyright" in § 7 means "statutory copyright" or "statutory and common law copyright" is critical to our inquiry. In pertinent part, Section 7 provides:

> Compilations or abridgements, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, [i.e., derivative works] shall be regarded as new works subject to copyright under the provisions of this title; but the publication of any such new work shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

17 U.S.C. § 7 (repealed effective 1978) (alteration added).[6]

[6]Under the 1976 Act, a "derivative work" is a work based on one or more preexisting works. 17 U.S.C. § 101. On the facts presented, it is undisputed that the motion picture "McLintock!" qualifies as a derivative work of the screenplays written by Grant.

The language of § 7 refers to "new works" not "derivative works." GoodTimes contends that "derivative works" was not a concept embodied by the 1909 Act and that "new works" were limited to work based on works in the public domain or previously copyrighted material. The motion picture would be the first publication of the screenplay. However, the Supreme Court uses the terms "new works" and "derivative works"

Since the meaning of "subsisting copyright" is not readily apparent, we employ the usual techniques of statutory construction to assist our interpretation. We look to the statutory language, the legislative history, and the Register's interpretation. *See, e.g., Funbus Sys., Inc. v. California Pub. Utils. Comm.*, 801 F.2d 1120, 1125-25 (9th Cir. 1986).

1. *Language of the 1909 Statute.*

The district court held that § 7 applies only to statutory copyrights:

> The 1909 Act was very precise when it addressed common law rights, which the statute explicitly states are not to be limited or annulled. *See, e.g.*, 17 U.S.C. § 2 (repealed effective 1978) (referring to the "right[s] of the author or proprietor of an unpublished work"). Therefore, section 7 and the [*Abend*] opinion must be read to refer only to a subsisting statutory copyright. . . . Had Congress wanted section 7 to apply to common law rights, it would have stated that section 7 applied to common law rights.

Maljack Prods., Inc. v. UAV Corp., 946 F. Supp. at 1423-24.

Batjac contends that the term "copyright" includes both statutory and common law copyrights.[7] The district court held

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interchangeably in discussing the 1909 Act. *See Abend*, 495 U.S. at 230-31. We see the issue as one of semantics, not substance. A derivative work under the 1909 Act need not have the same relationship to the unpublished work as a derivative work has to the unpublished work under the 1976 Act.

[7]Batjac makes two other arguments challenging the district court's interpretation of § 7. First, Batjac argues that by reading the word "statutory" into § 7 after "subsisting," the district court violated a basic rule of statutory construction — that the Court lacks the power "to read in the statute words not explicitly inserted by Congress." *Staton Road*

that the term "copyright" was limited to statutory copyright by finding that common law protections were " 'referred to somewhat inaccurately' as common law copyright." 1 Nimmer § 2.02 at 2-18.[8] We do not find this analysis persuasive.

To determine the intended meaning of the term "copyright," Batjac suggests that we look to how the term "copyright" was commonly understood within the legal lexicon circa 1909. Alternatively, GoodTimes and the Register suggest that we look to the use of the term "copyright" in the 1909 Act, itself, and assign the identical meaning to the term throughout.

Batjac claims that the common meaning of the term "copyright" circa 1909 included both statutory and common law copyright. GoodTimes disputes this arguing that "[i]t is perfectly well settled that the protection given to copyrights

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Assocs. v. Lohrey Enters., 984 F.2d 1015, 1020 (9th Cir. 1993). We disagree. This argument cuts both ways because Congress also did not insert the word "common law" to define copyright. So either interpretation of the term "copyright" necessarily entails our defining the term to mean statutory copyright or statutory plus common law copyright.

Second, Batjac argues that the district court ignored the word "any" in the phrase "any subsisting copyright." Batjac contends that inclusion of "any" encompasses all copyrights, statutory and common law. This argument has some facial appeal, but like the previous argument the key issue is the meaning of the term "copyright" within the 1909 Act. Since that definition is determinative, the scope of "any" is dependant upon our resolution of the meaning of copyright first. Nor is it illogical to find that the term "any" applies only to statutory copyrights. The 1909 Act ushered in a new regime and copyrights secured under prior statutes were likely referenced by the inclusion of "any."

[8]The district court's quote from Nimmer is inapposite. Nimmer inserts a footnote explaining that the "somewhat inaccurately" is included because some of the "common law copyright" protection was in fact statutory in given states. 1 Nimmer § 2.02 at 2-18 n.1. Nimmer later writes that common law copyrights were " 'equivalent' to statutory copyright." *Id.* at 2-19.

in this country is wholly statutory." *White-Smith Music Publ'g Co. v. Apollo Co.*, 209 U.S. 1, 15 (1908). In reviewing the numerous sources cited by the parties, we agree with Batjac that the term "copyright" included both statutory and common law protection in the lexicon of both courts and treatise writers circa 1909. *See, e.g., Bobbs-Merrill Co. v. Straus*, 147 F. 15, 18 (1906) (using the term "common law copyright" but noting that there is a "fundamental distinction between common-law right of literary property, commonly called common-law copyright, and copyright under the statute"), *aff'd*, 210 U.S. 339 (1908). However, there was also a recognition of the differences between statutory and common law protection. *See, e.g., Caliga v. Inter Ocean Newspaper Co.*, 215 U.S. 182, 188 (1909) (holding that "[s]tatutory copyright is not to be confounded with the common law right"). So while Congress could have used the term "copyright" to refer to common law copyright in § 7, it need not have done so. Indeed, Congress' awareness of the two systems of copyright protection, as evidenced by its inclusion of § 2,[9] supports our finding that Congress chose not to refer to common law protections as "common law copyrights" under the 1909 Act.

Looking to the language of the 1909 Act, we recognize that it is a "basic canon of statutory construction that identical terms within an Act bear the same meaning." *Estate of Cowart v. Niklos Drilling Co.*, 505 U.S. 469, 479 (1992) (citations omitted). As a starting point, the Register points to numerous uses of the term "copyright" within the 1909 Act that can only refer to statutory copyright, *see, e.g.*, §§ 1, 3, 6, 8, 10, 12 & 13, and to uses of the term "subsisting copyright" that can only mean statutory copyright, *see, e.g.*, §§ 3, 19 & 25.

[9]Section 2 provides that: "Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefore." 17 U.S.C. § 2 (repealed effective 1978).

Batjac responds that these referenced provisions all employed limiting language, *see, e.g.*, §§ 1, 3, 4, 5, 9, 10, 24, 28, 101, 104, 207, or otherwise made the limitation patently obvious from the context, *see, e.g.*, §§ 6, 13, 19, 25. Batjac goes on to argue that the use of such limiting language cuts against the Register's and GoodTimes' interpretation of § 7 because in § 7 the only qualified use of the term "copyright" refers to new works. Batjac's analysis of the cited sections' use of limiting language or obvious context to modify the term "copyright" is a plausible interpretation of the 1909 Act. However, under this reading, the term "copyright" would refer to "common law copyright" essentially only under § 7—a rather convenient but dubious interpretation.

The only section where the 1909 Act explicitly refers to rights under common law is § 2. However, § 2 does not use the term "copyright" to describe the common law rights in intellectual property. The absence of the term "copyright" in § 2 suggests that Congress intended to limit the use of the term "copyright" under the 1909 Act to "statutory" copyright.

While § 2 is the primary place in the 1909 Act specifically referencing common law protection without calling it copyright protection, more subtle examples exist in § 10 and § 12. Throughout § 10 and § 12, the 1909 Act provides for "securing copyright" protection through publishing with notice, § 10, and securing a copyright by depositing with the Copyright Office, § 12. However, neither section references the already existing common law copyright protection being divested. So under Batjac's reading of the statute, we have to imply "statutory" before copyright within these provisions to distinguish the copyright being secured from the common law copyright being divested. The omission of any reference to the divested common law copyright within these sections cuts against Batjac's claim that "copyright" includes common law copyrights.

Similarly, the last part of § 7 states that what it calls a new work (a derivative work in our parlance) shall not be con-

strued "to secure or extend copyright in such original works." The Register argues that since common law copyright is perpetual and arises upon creation, this language, "secure" and "extend," can only refer to statutory copyright. If the last reference to "copyright" in § 7 means "statutory copyright," the basic rule of applying identical meanings to the same terms leads us to find that earlier references in the provision also mean "statutory copyright."

[3] Overall, we agree with GoodTimes and the Register that Congress used the term "copyright" to refer to statutory copyright in the 1909 Act. We do not stop here because enough doubt exists that we could be persuaded otherwise by contrary legislative history or agency action or interpretation.

2. *Legislative History.*

[4] Unfortunately, the legislative history concerning § 7, in this regard, is scant and inconclusive. Batjac argues that legislative intent to apply § 7 to common law copyrights can be divined from a change Congress made in the language of § 7. In finalizing the language of § 7, Congress changed the wording "*no such copyright shall* affect the force or validity of any subsisting copyright" to "*the publication of any such new works shall not* affect the force or validity of any subsisting copyright." *See Hearing Before the Committees on Patents* at 78 (March 26, 1908) (testimony of Mr. W.B. Hale, American Law Book Company) [hereinafter *Hearing*]; *see also Abend,* 495 U.S. at 249 n.14 (Stevens, J., dissenting) (quoting the testimony of Mr. Hale). This change was made after Congress heard the testimony of a witness, Mr. W.B. Hale, who urged adoption of the change to prevent a derivative work from affecting the "original copyright." *Id.* Batjac contends that this change in language signaled Congress's intent to protect common law copyrights. The origin of this analysis comes from the Supreme Court's opinion in *Abend,* where the Court discussed this particular legislative history. *See Abend,* 495 U.S. at 233 (citing Note, *Derivative Copyright and the 1909 Act—*

New Clarity or Confusion?, 44 Brook. L. Rev. 905, 919-20 (1978)).

Despite this argument's auspicious origin, it falls short of proving that Congress intended to protect common law copyrights with § 7. The revision requested by Hale changed only the emphasis in the *subject* of the sentence, the derivative work. It did not change the *object*, the subsisting copyright. Since it is the object of the sentence that Batjac would have embrace common law copyrights as well as statutory, the revising of the subject to expand coverage to all derivative works, not just copyrighted derivative works, provides no indication of Congress's intended meaning with respect to the object, "subsisting copyrights." Hale's statement was merely his own witness testimony before the legislature and so offers only marginal insight into the legislative intent behind the passage of § 7.

What we find most significant, however, is that Hale makes no mention of common law copyright in his statements to Congress. It is only later, in a *Brooklyn Law Review* note, that his testimony was interpreted to include reference to "smaller selections that might or might not have been previously published and separately copyrighted." *See* Note, *supra* at 919. The note's creative interpretation of Hale's legislative testimony caught the Supreme Court's eye. Referencing the note and Hale's testimony, the Court stated that "[t]he language change was suggested only to ensure that the publication of a 'new compiled work' without proper notice, *including smaller portions that had not been previously published and separately copyrighted*, would not result in those sections moving into the public domain." *Abend*, 495 U.S. at 233 (citing Note, *supra* at 919-920).

Reviewing Hale's testimony, we find nothing to suggest that he was concerned with the publication of unpublished works in new compilations as suggested by the Brooklyn Law Review note. The *Abend* opinion offers no other source to

support its statement, nor, ironically were common law rights at issue in the case before the Court. Rather, the concern Hale expressed was that the publication of a new compilation without a copyright could adversely affect a pre-existing copyrighted work. *Hearing* at 78. Hale was concerned with what the derivative work encompassed, not with the breadth of the meaning of subsisting copyright.

3. *Agency Interpretation.*

[5] "[T]he Register has the authority to interpret the copyright laws and [ ] its interpretations are entitled to judicial deference if reasonable." *Marascalco v. Fantasy, Inc.*, 953 F.2d 469, 473 (9th Cir. 1991). The Register argues that it has a long-standing policy that "publication of [a] motion picture constitutes the publication of its soundtrack." In its Compendium II concerning the publication of screenplays under the 1976 Act, the Register provides:

> Where a preexisting unpublished screenplay is embodied in a motion picture, those elements of the screenplay disclosed in the motion picture are considered to be published at the same time the motion picture is published.

Compendium II, Compendium of Copyright Office Practices 910-04 (1984). However, the Register admits that its practices under the 1909 Act are covered by Compendium I, not Compendium II. Under Compendium I, the Register concedes it took no position on whether a motion picture copyright covers the sound track.

Compendium I provides that:

> Publication of a portion of a work does not necessarily mean that the work as a whole has been published.

Examples:

(1) Publication of a detailed plot summary of a play does not constitute publication of the play as a whole.

(2) Publication of a movie version of an unpublished story does not constitute publication of the story as such.

Compendium I, § 3.1.1 IV(a). Batjac argues that example 2 proves the opposite of the Register's claim. The Register counters that example 2 merely demonstrates the proposition that publication of part does not publish the whole but just those portions incorporated into the published work. As further evidence of its policy, the Register notes that the registration forms did not provide space to list unpublished works or common law copyrights. Indeed, Batjac's 1909 Act copyright application has a section for "Previous Registration and Publications" but provides no space for pre-existing unpublished works. The Register contends that unpublished works were not required on the application because of the Register's policy to treat the publishing of the motion picture as a publication of the underlying screenplay.

[6] The Register's position is reasonable and consistent with our review of the contemporaneously used registration forms used under the 1909 Act. We conclude that it is entitled to deference.

[7] Overall, we are persuaded that § 7 does not protect common law copyrights under the 1909 Act. This does not mean, however, that common law copyrights have no protection from publication by derivative works, but in the narrow case before us where the common law copyright and derivative work are held by the same entity, publication of the

motion picture publishes the screen play to the extent that it is incorporated into the movie.

B. *Stewart v. Abend*

Batjac contends that we are bound to reach the opposite result because of language used in *Stewart v. Abend*, 495 U.S. 207 (1990). We disagree. In *Abend*, the Supreme Court did not discuss § 7 as grounds for its holding, but rather to rebut an argument advanced in the dissent. In relevant part, the Supreme Court stated:

> The language change [to § 7] was suggested only to ensure that the publication of a "new compiled work" without proper notice, including smaller portions that had not been previously published and separately copyrighted, would not result in those sections moving into the public domain. *See* Note, 44 Brook. L. Rev. at 919-920.

Abend, 495 U.S. at 233.

The issue that the Supreme Court addressed was whether continued publication of a derivative work—the motion picture "*Rear Window*"—infringed on the copyright of a pre-existing copyrighted work when the right to use the pre-existing work lapsed during the renewal period due to the death of the author of the pre-existing work. 495 U.S. at 213. Despite an agreement by the author to transfer renewal rights to the moviemakers—Alfred Hitchcock and Jimmy Stewart—the executors renewed the copyright to the picture but refused to transfer the rights. *Id.* at 212.

In an earlier appeal, this court had held that the copyright in the pre-existing work was not defective and that re-release of the film infringed on its copyright. *Id.* at 214 (citing *Abend v. MCA, Inc.*, 863 F.2d 1465, 1472 (9th Cir. 1988)). This court's ruling created a circuit split with the Second Circuit

which had held that "statutory successors to the renewal copyright in a pre-existing work under § 24 could not 'depriv[e] the proprietor of the derivative copyright of a right . . . to use so much of the underlying copyrighted work as already has been embodied in the copyrighted derivative work." *Abend*, 495 U.S. at 215 (quoting *Rohauer v. Killian Shows, Inc.*, 551 F.2d 484, 492 (2d Cir. 1977)). The Supreme Court affirmed this court's holding, finding that under § 24 the copyright in a pre-existing work is not extinguished during the renewal period with respect to its incorporation into the derivative work. *Id.* at 216.

The case did not involve common law copyrights. "It Had to Be Murder" was a statutorily copyrighted story whose motion picture rights had been sold to predecessors of Hitchcock and Stewart. Hitchcock and Stewart acquired the rights and made the movie "Rear Window." Any applicability of § 7 to an unpublished or common law protected right was not at issue. Were we to take the Court's stray comment out of context and hold that § 7 applies to common law copyrights, the effect in our case would be one Congress never intended.

The passage referring to § 7 injected itself into the opinion because the dissent in *Abend* argued that "§ 7 was intended . . . to give the original author the power to sell the right to make a derivative work that upon creation and copyright would be *completely independent of the original work*." 495 U.S. at 244-45 (Stevens, J., dissenting) (emphasis added). The dissent argued that when Congress deleted the word "copyright" and inserted "publication," it was making clear "that it was the publication of the derivative work, not the copyright itself, that was not to affect the force or validity of any subsisting copyright." *Id.* at 249 (internal quotations omitted). In the dissent's view, this change clarified that the derivative work and the pre-existing work were independent and one could not affect the other.

The majority reached the opposite interpretation of § 7 and of Congress' intent in changing the language of § 7. It held that § 7 allowed a derivative work to be copyrighted while insuring that the pre-existing work retained full copyright protection over its use within the derivative work. 495 U.S. at 230-31. The majority's insertion of the language relating to unpublished works, e.g., common law copyrights, came about in its response to the dissent's characterization of Congress' intent in revising § 7. The majority responded by arguing that the change to § 7 was meant to close a loophole in the section that would have protected subsisting works from derivative works with copyrights but not from the publication of derivative works without copyrights or with failed copyrights. It was not meant to change the relationship of derivative works to original works. *Id.* at 233. For support of its position, the majority referenced the legislative history of the revision and cited to a law review note. Paraphrasing the note,[10] the Court inserted the language "including smaller portions that had not been previously published and separately copyrighted," *id.*, even though that language was neither supported by Hale's testimony to Congress, *see Hearing, supra,* nor by any cited authority in the law review note, *see* Note, *supra* at 919.

The district court found that this passage was dictum citing Nimmer on Copyright. *See* 1 Nimmer § 4.12[B] at 4-65 to 4-66.[11] Although dicta of the Supreme Court is entitled to con-

[10]In relevant part, the note states:

> Mr. Hale was concerned with a particular class of derivative work, namely, a "new compiled work," such as an anthology, made up of smaller selections that might or might not have been previously published and separately copyrighted.

Note, *supra* at 919.

[11]The treatise, Nimmer on Copyright, contends that "the general rule is that publication of a derivative work constitutes publication of the basic work." 1 Nimmer § 4.12[A] at 4-60. Addressing the effect of *Abend* upon this "general rule," Nimmer notes that the disputed passage is dictum, cautions that "further thought should be given to the wisdom of converting [the dictum] into a binding holding," and notes that the Seventh Circuit subsequently reached a contradictory result in *Harris Custom Builders, Inc. v. Hoffmeyer,* 92 F.3d 517 (7th Cir. 1996). *Id.* § 4.12[C] at 4-66.

siderable deference, *see, e.g., McCoy v. Massachusetts Institute of Technology,* 950 F.2d 13, 19 (1st Cir. 1991), the factors surrounding this particular dicta warrant our conclusion that, in this case, it is not controlling. *See United States v. Crawley,* 837 F.2d 291, 292-93 (7th Cir. 1988) (noting reasons for rejecting dicta, such as (1) unnecessary to the outcome of the case; (2) can be deleted without affecting the argument; (3) not grounded in the facts of the case; (4) issue addressed was not present as an issue in the case).

The reasons presented by the Seventh Circuit in *Crawley* for not following dicta are persuasively present here. In *Abend,* the majority's discussion of the legislative change was to refute the dissent's argument by showing that Congress intended to grant more protection to pre-existing works by expanding the definition of derivative works in response to the dissent's claim that the changes to § 7 provided less protection. As such, the disputed language referring to unpublished works was unnecessary to the Court's argument because the argument was over the subject of the § 7 sentence, while the disputed language relates to the object of the sentence. Nor was the Court facing an issue of common law copyright in an unpublished work, rather, it was trying to resolve a problem of renewal rights under § 24. The reference to unpublished works could be deleted without affecting the majority's argument. *Abend* upheld the *Ricordi/Russell* line of cases which hold that a pre-existing copyright holder can sue for infringement in the event that a public domain derivative work is used without authorization. *See Russell v. Price,* 612 F.2d 1123 (9th Cir. 1979); *G. Ricordi & Co. v. Paramount Pictures, Inc.,* 189 F.2d 469 (2d Cir. 1951). It did not address the circumstance where the owner of the rights in an unpublished work is also the creator of the derivative work.[12]

[12]Batjac argues that the passage is not dicta because the Court was directly considering and rejecting a point made by the dissent. *See United States v. Santana,* 6 F.3d 1, 9 (1st Cir. 1993). Two district courts have held that § 7 protects common law copyrights per *Abend. See Shoptalk, Ltd. v.*

[8] The complex public policy considerations surrounding the application of § 7 to unpublished works were not discussed by the Court in *Abend*. They lend support to our holding. We are concerned about letting "unpublished" works resurrect copyright protection over derivative works that have already entered the public domain. While statutory copyrights allow for a limited monopoly, common law rights are perpetual. So under the dual system of protection in place under the 1909 Act, if we were to agree with Batjac, an author could extend indefinite control over a derivative work through an unpublished pre-existing work. *See Classic Film Museum, Inc. v. Warner Bros., Inc.*, 597 F.2d 13 (1st Cir. 1979). While this problem has been eliminated by passage of the 1976 Act, the copyright in any film that has entered into the public domain under the 1909 Act could be resurrected by an unpublished screenplay.

[9] The effective functioning of the Register also dictates our holding. As the district court noted since common law unpublished works are unrecorded, a "person seeking to use the public domain work likely would not know and could not determine whether such a work existed." For example, in Batjac's application for copyright protection of McLintock!, Batjac did not note the pre-existing screenplay even though the registration form included a section to list "Previous Registration or Publications." So GoodTimes and the Register could not have known that McLintock! was not fully in the public domain due to the existence of unpublished drafts of the screenplay. Since unpublished works are not kept within the records of the Register, the public would have no means to determine whether a work actually entered the public domain

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Concorde-New Horizon Corp., 897 F. Supp. 144, 146 (S.D.N.Y. 1995); *Jim Henson Prods, Inc. v. John T. Brady & Assocs.*, 867 F. Supp. 175, 186 (S.D.N.Y. 1994). We are not persuaded. *Shoptalk* follows *Jim Henson* which interpreted the same language from *Abend* that we now address. Neither opinion adds to our analysis of *Abend*, nor are these opinions binding precedent.

under Batjac's interpretation of § 7. The resulting market uncertainty would inhibit the public's use of public domain materials.

[10] Nor would allowing Batjac to control the movie McLintock! advance the progress of science and useful arts. Rather, protection of unpublished screenplays merely would signal to authors that they need not follow the Copyright Act in order to maintain copyright protection. Batjac reaped the full reward of copyright protection in its screenplay. Batjac held copyright in both the motion picture and the screenplay and, as a result, was able to fully exploit the profit making potential of the screenplay in any manner it chose. We find no indication that Congress intended § 7 to allow authors to maintain perpetual monopolies over their copyrightable works. So we are compelled to find that § 7 does not apply to unpublished works protected by common law copyrights.

Publication of the Screenplay

Since we hold that § 7 does not apply to unpublished works protected by common law copyrights, we look to the relevant facts surrounding the publication of McLintock! to determine if its publication also published the incorporated portions of the screenplay. The district court relied on *Classic Film Museum, Inc. v. Warner Bros., Inc.*, 453 F. Supp. 852 (D. Me. 1978), *aff'd*, 597 F.2d 13 (1st Cir. 1979) and *Harris Custom Builders, Inc. v. Hoffmeyer*, 92 F.3d 517, 520 (7th Cir. 1996), *cert. denied*, 117 S. Ct. 956 (1997), to hold that an unpublished screenplay protected by common law is published by a motion picture to the extent that it is incorporated. As Batjac held publication rights to both the screenplay and the motion picture, we agree.

Classic Film involved the identical issue we face here. In *Classic Film*, the defendant sought to use its common law copyright in an unpublished screenplay to exert control over any unauthorized duplication of the film, "*A Star is Born*,"

which had entered the public domain through a failure to renew its copyright. 597 F.2d at 13-14. The First Circuit acknowledged that a statutory copyright in a pre-existing work protected that work from entry into the public domain by a derivative work under *Ricordi*, but declined to extend *Ricordi* to common law copyrights. *Id.* at 14. It reasoned that the perpetual protection provided to common law copyrights would "swallow the rule of limited monopoly found in the constitution and copyright statutes" because through the unpublished screenplay, an author could maintain perpetual control over the motion picture. *Id.* at 14-15. *Classic Film* reached its holding without resolving the scope of § 7 and whether publication of a motion picture constitutes publication of the screenplay. *See* 453 F. Supp. at 854 n.1.

We do not agree with Batjac that the rationale supporting *Classic Film* is moot because Congress eliminated the potential for a perpetual monopoly by passage of the 1976 Act and eliminating common law rights. The district court in *Classic Film* addressed the impact of the 1976 Act noting that even under the 1976 Act a common law copyright would act to extend protection of the film beyond its statutory maximum. 453 F. Supp. at 856 n.4.[13] The Register also argues that "*Classic Film* turns upon impropriety of the moviemakers' use of artifice to extend the term limits set forth in the Act for copyrighted works" and so continues to have force today. We agree.

An analogous result was reached under the 1976 Act by the Seventh Circuit in *Harris*. Under the 1976 Act, an unpublished work is entitled to copyright protection as long as it is unpublished, it is published with notice, or, if it is published without notice, it is registered within five years and subsequently published with notice. 17 U.S.C. § 405. As under the 1909 Act, an underlying work copyrighted under the 1976 Act

[13]The First Circuit expressly adopted the district court's opinion. *See* 597 F.2d at 15.

remains copyrighted even if the derivative work enters the public domain. *See* 17 U.S.C. § 103(b).

In *Harris,* the plaintiff, Harris Custom Builders, Inc., produced a brochure containing abbreviated drawings from unpublished blueprint plans. 92 F.3d at 519. The brochure was not copyrighted and so entered into the public domain. *Id.* A builder subsequently used the drawings from the brochure. Harris sued claiming that the builder's use of the drawings infringed upon his copyright in the unpublished plans. *Id.* at 520. The Seventh Circuit disagreed and held that the drawings in the brochure were a derivative work and that the publication of the derivative work constituted publication of the preexisting work. *Id.* (citing 1 Nimmer § 4.12[A] n.2). The court noted that although the 1976 Act abolished common law copyright, that "does not mean that one can claim copyright based on [a] work[ ] being unpublished [ ] after it is published with one's permission." *Id.*

The *Harris* court noted that its result would be different if the underlying work had been separately registered, *id.,* and might also be different if a stranger had published the derivative work without permission of the owner of the underlying work, *id.* at 520-21. The court concluded: "However, when it is Harris itself which publishes the abbreviated drawings, it can no longer claim a copyright based on their unpublished nature." *Id.* at 521.

Batjac argues that *Harris* is distinguishable because the plans published in the brochure were in the same medium as the blueprint plans and were virtually identical to the portion of the blueprint that was copied. In contrast, a screenplay and a motion picture are in different media, with the motion picture adding new audio and visual material. Batjac cites *White-Smith Music Publ'g Co. v. Apollo Co.,* 209 U.S. 1, 17 (1907), for the proposition that publication in different media are not copies.[14] *See also Nucor Corp. v. Tennessee Forging Steel*

[14]Although *White-Smith* remains good law, this court declined to extend *White-Smith*'s holding to cover publication in *La Cienaga Music Co. v. ZZ*

Serv., Inc., 476 F.2d 386 (8th Cir. 1973) (holding that construction of a three-dimensional building does not constitute publishing of the written plans). Batjac further contends that *Harris* does not apply because a motion picture is in no sense a "copy" of a screenplay. Rather a motion picture is an interpretation of a screenplay, a performance. We disagree.

[11] Under common law, Batjac had a right of first publication which it exercised by publishing the motion picture. Unlike a performance,[15] the motion picture was recorded onto a fixed medium, film, that is reproducible and distributable. Batjac's common law right of first publication does not entail multiple first publication rights in every available medium. As holder of the common law rights in the screenplay and motion picture, Batjac chose to exercise its right to first publish in the medium of film. Batjac had the opportunity to secure copyright in the screenplay separate from the movie but chose not to do so. It cannot now attempt to regain its first publication rights 35 years after it produced the screenplay within the motion picture.

[12] Our holding is supported by the protections provided to copyrightable material used in a motion picture under the 1909 Act. Section 3 of the 1909 Act protects all copyrightable

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Top, 53 F.3d 950, 953 (9th Cir. 1995). *White-Smith* held that a piano roll is not a copy of the underlying work. 209 U.S. at 18. This presents a conundrum, for if *White-Smith* controls, then publication of the movie would not even be a copy of the screenplay, *id.*, and so it would not infringe upon the screenplay's copyright. 209 U.S. at 18. So while Batjac's argument would win it the right to register, it would be a pyrrhic victory because it could not then use the copyright in the screenplay to control the motion picture. As in *La Cienaga*, we decline to extend *White-Smith* to movie screenplays.

[15]The 1909 Act explicitly excludes performances from being an event that constitutes publication. *See* 17 U.S.C. § 1(d) (repealed effective 1978). This rule was established to protect playwrights from having their productions copied through their performance.

component parts of a copyrighted work. 17 U.S.C. § 3 (repealed effective 1978). The McLintock! screenplay was copyrightable and is a component of the motion picture to the extent it was incorporated into the film. As such, it fell into the public domain with the motion picture. The Register points to *Maljack Prods., Inc. v. GoodTimes Home Video Corp.*, 81 F.3d 881, 885 n.3 (9th Cir. 1996), to illustrate that the screenplays would either be components of the movie or otherwise part of the public domain. While Batjac disputes that a screenplay is a component part of a motion picture, any other result under the 1909 Act would grant an author multiple rights to first publication and would allow an author to publish in one medium with a statutory copyright but leave the work unpublished in a separate medium to extend copyright protection in perpetuity. *See Classic Film*, 597 F.2d at 14-15.

[13] We find no statute or case law holding that a textual work can only be published by print. Rather, the Supreme Court has stated that "[t]he right of first publication encompasses not only the choice whether to publish at all, but also the choices when, where, and in what form first to publish a work." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 564 (1985).

In addition, our holding is consistent with this court's decision in *La Cienaga Music Co. v. ZZ Top*, 53 F.3d 950 (9th Cir. 1995). In *La Cienaga*, we held that publication of a musical composition called *Boogie Chillen* occurred when the recorded song was released to the general public, even though the recording existed in a different medium than the printed version of the composition. *Id.* at 952-53. We noted that otherwise a song left unpublished and protected by common law copyright would gain an advantage over a song copyrighted in compliance with the 1909 Act which would have only 28 years of protection. *Id.* at 953. Although the result of our holding in *La Cienaga* has been subsequently changed by Congress' passage and enactment of H.R. 672, its reasoning

is still sound. If Congress wants to prevent common law screenplays from entering into the public domain through publication of a motion picture, it can pass a law similar to H.R. 672.

Nor are we persuaded that § 2 of the 1909 Act works as a talisman to protect common law copyrights in this situation. Section 2 prevents the provisions of the 1909 Act from annulling or otherwise limiting common law copyright. 17 U.S.C. § 2 (repealed effective 1978). Our holding that § 7 is inapplicable, however, does not interfere with Batjac's common law copyright. It was not the 1909 Act, but rather Batjac's act of publication that "annul[led] or limit[ed]" Batjac's rights. Section 2 thus provides no comfort to Batjac.

[14] As in *Harris,* Batjac controlled both the unpublished screenplay and the derivative motion picture. Batjac chose to publish the motion picture without separately seeking copyright protection for the screenplay. Having chosen to first publish in the medium of film, Batjac lost the right to again "first" publish those portions of the screenplay incorporated into the film.

AFFIRMED.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

FILED
MAY 21 1997
Clerk, U.S. District Court
Central District Of California
By Deputy

Maljack Productions, Inc., an Illinois corporation, and Batjac Productions, Inc., a California corporation,

Plaintiffs,

v.

UAV Corporation, a North Carolina corporation, and Mary Beth Peters, Register of Copyrights,

Defendants.

Consolidated With

Case No. CV 96-0749 DDP

Order:

(1) Granting Summary Judgment In Favor Of Defendants On Plaintiffs' Copyright Registration Claim

(2) Granting Summary Judgment In Favor Of Plaintiffs On The Issue Of Defendant UAV Corporation's Liability For Infringing Plaintiffs' 1993 McClintock! Copyright

Batjac Productions, Inc., a California corporation, Plaintiff, v. Goodtimes Home Video Corporation, a Delaware corporation, and Mary Beth Peters, Register of Copyrights, Defendants.	Case No. CV 96-7416 DDP Order: Granting Summary Judgment In Favor of Defendants On Plaintiffs' Copyright Registration Claim

I. Background

A. *Procedural Background.*

Plaintiffs Maljack Productions, Inc. ("Maljack") and Batjac Productions, Inc. ("Batjac") (collectively "Plaintiffs") brought suit against defendants UAV Corporation ("UAV") and Goodtimes Home Video Corporation ("Goodtimes") for infringement of Plaintiffs' alleged rights in two versions of the screenplay for the motion picture McClintock! (the "screenplays"). Plaintiffs also brought suit in both cases against Marybeth Peters, Register of copyrights ("Register"), because of the Register's refusal to register the screenplays for copyright. The Register intervened both cases. The Court consolidated Plaintiffs' actions against UAV and Goodtimes on January 23, 1997 to determine whether the Register properly refused to issue a certificate of copyright for the screenplays.

On March 24, 1997, the following motions came before the Court: (1) consolidated motions for summary judgment by all parties concerning the propriety of the Register's refusal to register the McClintock! screenplays for copyright and (2) cross-motions for partial summary judgment by UAV and Plaintiffs in civil case number 96-749 seeking a determination of whether UAV infringed Batjac's copyright in a home video version of McClintock!. After reviewing and considering the materials submitted by the parties and hearing oral argument, the Court finds that the Register properly refused to register the McClintock! screenplays and that UAV infringed Batjac's 1993 McClintock! copyright. Therefore, the court grants summary Judgment in favor of all defendants on the issue of registrability of the screenplays and in favor of Plaintiffs on the issue of UAV's liability for copyright infringement.

B. ***Historical Background.***

In 1962, James Edward Grant wrote an original screenplay for the motion picture McClintock!. On October 16, 1962, Grant assigned the rights to all versions of the screenplay to Batjac. The two versions of the screenplay at issue in this case are: (1) the version containing revisions through October 9, 1962 and (2) the version containing revisions through November 23, 1962.

In 1963, Batjac produced the motion picture McClintock! from the screenplay. Batjac registered the motion picture for copyright in 1963 but it did not separately register the screenplay or any versions of the screenplay. The copyright was eligible for renewal in 1991, but Batjac failed to renew the copyright for a second term. Accordingly, the initial copyright term expired and the film entered the public domain at the end of 1991.

In 1993, Batjac created a "panned and scanned" version the McClintock! motion picture for the videocassette and television market. Panning and scanning is the process by which motion pictures are adapted from the wide screen theater format known as "Panavision" to a narrower format capable of fitting an a television screen. The "aspect ratio" of the motion picture (i.e., the ratio of the screen length to the screen height) was 2.35:1. Batjac reduced the aspect ratio of the 1992 version of McClintock! to 1.33:1. In other words, the television version of McClintock! uses only about 56% of each frame from the 1963 picture. In addition to reconciling the aspect ratios, Batjac edited the motion picture's monaural soundtrack by remixing, resequencing, sweetening, equalizing, balancing, and stereoizing it, and also added entirely new sound material.

On February 23, 1993, Batjac transferred exclusive domestic home video rights in the 1993 McClintock! to Maljack for a term of years.

On April 12, 1993, Batjac registered the 1993 McClintock! with the Copyright Office as a "derivative work." The registration certificate lists Batjac as the "copyright claimant." The preexisting material is listed as the "previously published motion picture." The material added to the work is listed as "new editing of visual and sound material (including editing for new visual format, sound remixing, resequencing, sweetening, equalization, and balancing) and addition of new sound material .

In 1993, UAV began producing and distributing video cassettes of McClintock!. UAV's videocassette version of McClintock! was photographically identical and largely aurally identical to Plaintiffs' 1993 McClintock!. UAV's only change was to replace the original soundtrack music with new music. UAV later created and released its own pan and scan version of the public domain McClintock! and ceased distributing the copy of the 1993 McClintock!.

In March 1996, Batjac attempted to register the McClintock! screenplays for copyright, but the Register refused. The Register rejected Batjac's applications because the screenplay acquired statutory copyright along with the motion picture in 1963 and then entered the public domain along with the motion picture in 1991. Thus, there was nothing left to register for copyright unless Batjac could show that there was new material in the screenplays that had not been incorporated into the motion picture.

II. Discussion

A. *Standard On Summary Judgment.*

Summary judgment is appropriate when there "is no genuine issue of material fact and . . . the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c); *see Celotex Corp. v. Catrett*, 477 U.S. 317 (1966).

In order to defeat a motion for summary judgment, there must be facts in dispute that are both genuine and material, i.e., there must be facts upon which a fact finder could "reasonably find" for the non-moving party. *See Anderson v. Liberty-Lobby*, 477 U.S. 242, 252 (1986). The court does not weigh the evidence or make credibility determinations; rather, the court only determines whether there are any disputed issues and, if so, whether those issues are both genuine and material. *Id.*

The initial burden of establishing that there is no genuine issue of material fact lies with the moving party. Fed. R. Civ. P. 56(c); *Celotex*, 477 U.S. at 323; *British Airways Board v. Boeing Co.*, 585 F.2d 946, 951 (9th Cir. 1978), *cert. denied*, 440 U.S. 981 (1979). Once the movant has met this burden by producing evidence that, if left uncontroverted, would entitle the moving party to a directed verdict at trial, the burden shifts to the non-movant to present specific facts showing that there is a genuine issue of material fact. *See* Fed. R. Civ. P. 56(e); *Celotex*, 477 U.S. at 324; *Lake Nacimiento Ranch Co. v. San Luis Obispo*, 841 F.2d 872, 876 (9th Cir. 1987), *cert. denied*, 488 U.S. 827 (1988).

B. *The Register Properly Refused Batjac's Application to Register the McClintock! Screenplays for Copyright.*

UAV, Goodtimes, the Register, and Plaintiffs all move for summary judgment on the propriety of the Register's refusal to register the two McClintock! screenplays.

The Court holds that the Register properly refused to register the screenplays. The screenplays, to the extent that they were contained in the motion picture, acquired statutory copyright along with the motion picture after the motion picture was published with proper copyright notice in 1963. The screenplays then entered the public domain at the end of

1991 when Batjac failed to renew the copyright.

1. *Copyright law background.*

The copyright for the original McClintock! motion picture was secured under the Copyright Act of 1909, 17 U.S.C. § 1 *et seq.* (repealed effective 1978) ("1909 Act"). Under the 1909 Act, there was a dichotomy between federal and state law. *See* 1 M. Nimmer & D. Nimmer, Nimmer on Copyright § 2.02 (1996) ("Nimmer"). Unpublished works were protected by state common law or statute. *See id.*; *see also* 17 U.S.C. § 2 ("Nothing in this title shall be construed to annul or limit the right of the author . . . of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent, and to obtain damages therefor."). This protection was "referred to somewhat inaccurately" as common law copyright. 1 Nimmer § 2.02 at 2-19. Common law protection began upon creation of the work and ended upon publication of the work. After the work was published, the only protection available was statutory copyright. *See id.*

The Copyright Act of 1976, 17 U.S.C. § 101 *et seq.*, ("1976 Act") eliminated common law protection.[1] In its place, the 1976 Act imbued all original works with statutory protection. Works created before January 1, 1978 but not copyrighted or in the public domain as of that date lost their common law protection an gained statutory protection as unpublished works. *See* 17 U.S.C. § 303. The statutory protection for works created but unpublished as of January 1,

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[1] Under the 1976 Act, original works are protected upon creation for a term consisting of the life of the author plus 50 years. 17 U.S.C. § 302(a). Once a work is published, the owner of the copyright must comply with the 1916 Act's notice requirements or cure provisions or forfeit copyright protection. *See Harris v. Custom Builders, Inc. v. Hoffmeyer*, 92 F.3d 517, 520 (7th Cir. 1996).

1978 endures until 50 years after the author's death or until the year 2002, whichever is longer. *Id.* Furthermore, for works created but unpublished as of 1978 that are published before December 31, 2002, the term of copyright extends until at least 2027. *Id.*

Under the 1909 Act, publication of a work with proper notice secured statutory copyright protection. 17 U.S.C. § 10 (repealed effective 1978). Statutory copyright provided authors an initial 26-year term of copyright protection and a 28-year renewal term. 17 U.S.C. § 24 (repealed effective 1978). Prior to the Copyright Renewal Act of 1992, which amended the 1976 Act to provide for automatic renewal, copyright owners had to apply for renewal.[2] The 1976 Act changed the renewal term for works copyrighted under the 1909 Act by affording works in their initial copyright term as of 1978 a renewal term of 47 years. 17 U.S.C. § 304. The 1976 Act gave works already in their renewal term an extra 19 years of protection, 17 U.S.C. § 304. Works that were unpublished as of 1978, such as Plaintiffs allege the McClintock! screenplays to have been, are not entitled to renewal. 17 U.S.C. §§ 302, 303.

Under the 1909 Act, if the initial copyright term expired without renewal, the work entered the public domain. If the copyright was renewed, the work entered the public domain at the conclusion of the renewal term. Alternatively, a copyrighted work entered the public domain if it was published without statutorily correct copyright notice. *See Stewart v. Abend*, 495 U.S. 207, 233 (1990). Under the 1976 Act, a work enters the public domain only if the owner fails to comply with the statutory notice requirement or the cure provisions of section 405(a).

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[2] The Copyright Renewal Act applied prospectively and therefore did not automatically renew Batjac's McClintock! copyright.

2. ***Publication of derivative works.***

A derivative work is a work based on one or more preexisting works.[3] 17 U.S.C. § 101. A motion picture is a derivative work; the motion picture screenplay is one of the preexisting works. Derivative works are copyrightable. 17 U.S.C § 103.

It is clear that under section 7 of the 1909 Act, publication of a derivative work does not affect the validity of a statutory copyright in the preexisting work even though the preexisting work was incorporated into the derivative work. 17 U.S.C. § 7 (repealed effective 1978); *see Stewart*, 495 U.S. at 230-36; *see also* 17 U.S.C. § 103(b) (same result under the 1976 Act). Therefore, even if a derivative work enters the public domain, the preexisting work, if copyrighted and published with proper notice, remains copyrighted. *See Russell v. Price*, 612 F.2d 1123 (9th Cir. 979) (holding that the owner of a statutory copyright in a preexisting work can sue for infringement in the event that a public domain derivative work is used without authorization by the owner of the copyright in the preexisting work); *see also G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir. 951) (same).

Plaintiffs assert that section 7 of the 1909 Act also protects preexisting works with only common law "copyright." Accordingly, Plaintiffs assert that publication of the McClintock! motion picture could not have been a publication of the screenplays – even only to the extent contained in the motion picture – because if the screenplays were published in 1963, the screenplays entered the public domain in 1991 along with the motion picture, thereby

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[3] The 1909 Act did not define the term "derivative work." The term was defined by case law until the 1976 Act codified the definition in section 101. *See Stewart*, 495 U.S. at 213 n. 1.

abrogating Plaintiffs' common law rights in the underlying works. Plaintiffs contend that the screenplays retained their common law protection until 1978, when they gained statutory protection under the 1976 Act.

Defendants contend that to the extent the screenplays were incorporated into the film, the 1963 publication of the McClintock! motion picture published the screenplays, thereby investing the published portions of the screenplays with statutory copyright and divesting any common law rights in the works.

a. ***Works that would be protected only by virtue of their status as unpublished works are published to the extent that they are incorporated into published derivative works.***

In *Classic Film Museum v. Warner Bros., Inc.*, 453 F. Supp. 852 (D. Me. 1978), *aff'd*, 597 F.2d 13 (1st Cir. 1979), both the district court and the First Circuit Court of Appeals published opinions addressing the identical issue confronting this Court. The district court held, and the court of appeals affirmed, that the expiration of a motion picture copyrighted under the 1909 Act that was caused by non-renewal of the copyright dedicated the entire film to the public and that further exploitation of the film could not be retained by an assertion of common law copyright in the parts of the screenplay that were embodied in the film. Because of its conclusion that the expiration of the statutory copyright in the film placed the entire film into the public domain regardless of any alleged common law rights, in any underlying works, the district court expressly declined to consider the effect of section 7 on common law rights or whether the publication of the motion picture constituted a publication of the screenplay. The court of appeals did not

make any mention of either issue.

Both courts distinguished the *Ricordi/Russell* line of cases based on the fact that all of those decisions involved underlying works with statutory rather than common law copyrights. Both courts also noted that in the *Ricordi/Russell* line of cases, the underlying copyright would expire at the end of the statutory copyright term, whereas works with asserted common law rights would have perpetual protection so long as they remained unpublished. "To permit this result would frustrate the whole concept of limited monopoly in copyright law." *Classic Film*, 453 F. Supp. at 856; see *Classic Film*, 597 F.2d at 14-15.

The *Classic Film* holding is consistent with the Copyright Office's long-standing position that the portions of a screenplay embodied in a motion picture are published upon publication of the motion picture. *See* U.S. Copyright Office, Compendium of Copyright Offices Practices II at § 910.04 (1984) ("Compendium II").

Nimmer cites *Classic Film* approvingly, stating that the courts reached the proper result even though neither court addressed the publication issue. Nimmer § 4.12[B]. Nimmer concludes, "Because a derivative work by definition to some extent incorporates a copy of the preexisting work, publication of the former necessarily constitutes publication of the copied portion of the latter." *Id.* § 4.12[A] at 4-60 to 4-61.

In a similar case in a different setting, the Seventh Circuit Court of Appeals, reversing the district court, held that under the 1976 Act, the statutory rights of an assertedly unpublished work did not survive entry of the derivative work into the public domain.[4] *See Harris Custom*

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[4] Harris was decided under the 1976 Act. However, the court's analysis is relevant to this Court's analysis (1) by, analogy and (2) because Plaintiffs claim that the screenplays are protected under the 1976

Builders, Inc. v. Hoffmeyer, 92 F.3d 517, 520 (7th Cir. 1996).

Under the 1976 Act, a work remains copyrighted so long as it is unpublished, it is published with notice, or, if it is published without notice, it is registered within five years and subsequently published with notice. 17 U.S.C. § 405. Where the underlying work is copyrighted and published with proper notice, publication of a derivative work does not affect the validity of the copyright in a preexisting work and, therefore, as under the 1909 Act, an underlying work copyrighted under the 1976 Act remains copyrighted even if the derivative work enters the public domain. *See* 17 U.S.C. § 103(b); *Harris*, 92 F.3d at 519.

In *Harris*, the plaintiff owned the copyright for a set of architectural plans. The plaintiff published a brochure advertising a house built from the plans that contained abbreviated drawings based on the plans. The brochure did not contain a copyright notice and was not registered for copyright. Publication of the brochure without copyright notice tentatively put the work into the public domain, and when the plaintiff failed to cure the defect, the work entered the public domain permanently.

When a builder used the drawings in the plaintiff's brochure to build a house, the firm brought suit against the builder, alleging infringement of the underlying copyright in the assertedly unpublished building plans. The plaintiff argued that the underlying plans retained their protection as unpublished works and that only the portion of the derivative brochure separate from the plans entered the public domain. *Id.* at 519-20.

The Court of Appeals for the Seventh Circuit held that the firm could not maintain its infringement action because the plaintiff published the building plans to the extent that the plans were contained in the brochure. Accordingly,

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Act as "unpublished" works.

the entirety of the brochure entered the public domain when the plaintiff published the brochure without the requisite copyright notice and without curing that deficiency. The court expressly held that "'publication of a derivative work constitutes a publication of the preexisting work contained therein.'" *Id.* at 520 (quoting Nimmer § 4.12[A] n. 2) .

The *Harris* court noted that the result would be different if the underlying work had been separately registered for copyright. In that case, the court stated that under *Stewart*, the failure of the derivative copyright would not affect the underlying copyright. Where, however, the plaintiff claimed copyright based on a work's status as unpublished, the court held that *Stewart* did not apply because the work *had* been published.

The court noted that the result might also be different if a stranger had published the derivative work without permission from the owner of the underlying work. "Congress could not have intended that the various legal consequences of publication . . . would be triggered by the unauthorized act of an infringer or other stranger to the copyright." *Id.* at 520-21 (quoting Nimmer § 4.04).[5] Where, however, the owner of the underlying work publishes derivative works, "it can no longer claim a copyright based on their unpublished nature." *Id.* at 521.

Although dicta, the Ninth Circuit Court of Appeals has stated that:

> [The plaintiff] does not argue that the synchronization rights were part of the motion picture

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[5]In addition, the very definition of a derivative work requires that the author of the derivative work receive consent from the author of the underlying work(s). 17 U.S.C. § 301. Furthermore, under 17 U.S.C. § 401(a), the notice requirement only applies to copies of works published "by authority of the copyright owners." *Harris*, 92 F.3d at 520 (quoting § 401).

> copyright, because they would have expired when the motion picture expired. It also does not argue that the synchronization rights existed separately from the motion picture and music copyright; if that were the case, because [the plaintiff] did not copyright the synchronization rights, they would be part of the public domain.

Maljack v. Goodtimes, 81 F.3d 881, 885 n. 3 (9th Cir. 1996). Accordingly, it appears that the Ninth Circuit, if faced with the issue before the Court, would find that the screenplays were published with the motion picture and entered the public domain with the motion picture.

b. ***Stewart only applies to preexisting works that are protected by statute as published works.***

Plaintiffs disagree with the *Classic Film* and *Harris* decisions and assert that the Supreme Court's opinion in *Stewart* dictates the opposite result.

In *Stewart*, the author of several short stories owned the statutory copyrights for the works. The author assigned his right to make motion picture versions of one of the stories to a production company. The author also agreed to renew the copyright for the story and to assign the same motion picture rights to the company. In 1953, actor Jimmy Stewart and director Alfred Hitchcock formed a production company that obtained the motion picture rights from the original assignee's successors-in-interest. The author died in 1968 without renewing the copyright, and the right to renew

passed to the author's trust, which renewed the copyright at the appropriate time. Because an assignee of renewal rights takes only an expectancy, and because the author died before the copyright was renewed, defendants did not receive the renewal motion picture rights. Accordingly, the plaintiff (the author's trust's assignee) brought a copyright infringement suit against the defendants for distributing the motion picture during the renewal term.

The defendants argued that the right of a copyright owner to prohibit use of the preexisting work is extinguished once the preexisting work is incorporated into the derivative work, assuming that the author of the underlying work agreed to assign his renewal rights to the owner of the derivative work. The Court, however, declined to "read into the Copyright Act a limitation on the statutorily created rights of the owner of [the] underlying work." *Stewart*, 495 U.S. at 216.

Section 7 of the 1909 Act states that "the publication of [derivative works] shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works." In *Stewart*, the Supreme Court reached the unsurprising conclusion that section 7 of the 1909 Act meant what it said:

> [P]ublication of the derivative work does not "affect the force or validity of any subsisting copyright upon the matter employed;" publication of the derivative work does not mean that use of the original work in other works is precluded; and publication does not mean that a copyright in the original

> work shall be secured, e.g., if the work was in the public domain, or extended, as where the original work was copyrighted before the date that the derivative work is copyrighted.

Id. at 231 (quoting 17 U.S.C. § 7 (repealed effective 1978)). Section 7 thus serves to "preserve the copyright status of the original work: Publication does not operate to prohibit other uses of the original work or to 'secure or extend copyright in such original works.'" *Id.* at 231-32.

Plaintiffs assert that section 7 applies with equal force where the underlying copyright was a common law right, citing *Jim Henson Productions v. John T. Brady & Assoc.*, 867 F. Supp. 175 (S.D.N.Y. 1994), *Shoptalk, Ltd. v. Concorde-New Horizons*, 897 F. Supp. 144 (S.D.N.Y. 1995), and *Cordon Art B.V. v. Jerome Walker*, 40 U.S.P.Q.2d 1506 (S.D. Cal. 1996). The Court respectfully disagrees with these decisions.

The word "copyright" as used in section 7, the section upon which Plaintiffs' analysis of *Stewart* is premised, refers only to *statutory* copyright. The 1909 Act was very precise when it addressed common law rights, which the statute explicitly states are not to be limited or annulled. *See, e.g.*, 17 U.S.C. § 2 (repealed effective 1978) (referring to the "right[s] of the author or proprietor of an unpublished work"). Therefore, section 7 and the *Stewart* opinion must be read to refer only to a subsisting statutory copyright. Section 7 and *Stewart* should not be read to indirectly dictate that publication of a motion picture cannot constitute publication of an underlying screenplay simply because the effect of that finding would be to replace the screenplay's common law protection with statutory protection that Plaintiffs permitted to lapse through non-renewal. Had

Congress wanted section 7 to apply to common law rights, it would have stated that section 7 applied to common law rights.

There is only one sentence in *Stewart* that gives the Court pause: "The language change [in section 7 from 'copyright' to 'publication'] was suggested only to ensure that the publication of a 'new compiled work' without proper notice, *including smaller portions that had not been previously published and separately copyrighted*, would not result in those sections moving into the public domain." *Id.* at 233 (emphasis added) (citing Estie Stoll, Note, *Derivative Copyright and the 1909 Act – New Clarity or Confusion?*, 44 Brook. L. Rev. 905, 919-920 (1978)).

However, the Court agrees with the Nimmer treatise that this sentence should not be converted into a binding holding dictating the outcome in cases involving preexisting works that would be protected only as unpublished works. *See* Nimmer § 4.12[B] at 4-66 to 4-67. The solitary sentence in *Stewart* relating to common law rights was not the product of an in-depth analysis of congressional intent. Instead, the sentence was strictly *dictum* based on a law review article. Furthermore, the law review article that the Court cited to support the sentence quoted above, Note, 44 *Brooklyn L. Rev.*, at 919-920, goes on to posit that Congress' true intent in creating section 7 was to comply with the Constitution's mandate that copyright protection exist only for a limited duration. In order to provide for derivative work protection without running afoul of constitutional requirements, the authors of section 7:

> had to prevent forfeiture of the subsisting copyright and also prevent the new derivative copyright from working to the underlying author's advantage – and the public's

> disadvantage – by effectively extending the duration of the underlying work's copyright. Although section 24 set the time limit for any copyright at fifty-six years, an author conceivably could have circumvented this statutory limit by making "new versions" of his work, changing it only slightly, and then securing a copyright on each new version. The drafters of the 1909 Act considered overcoming the extension problem (ultimately met by the last provision of section 7) by actually terminating the derivative copyright on expiration of the underlying copyright.

Note, 44 *Brooklyn L. Rev.*, at 920-921. With this goal in mind, it is obvious that Congress could not have intended section 7 to apply to common law copyrights because, prior to the changes worked by the 1976 Act, an author could have maintained an indefinite monopoly by publishing a derivative work but holding on to the underlying work without separately publishing it.

A holding that permitted the owner of an "unpublished" work incorporated into a derivative work to resurrect protection for the derivative work after the derivative work entered the public domain would make the use of public domain works perilous. This peril would result because the public domain work might have been created from an underlying work still in existence but never

separately published. The person seeking to use the public domain work likely would not know about and could not determine whether such a work existed. Any derivative work protected by a statutory copyright that expired due to the owner's failure to renew the copyright, any derivative work copyrighted under the 1909 Act that expired naturally, or any derivative work copyrighted under the 1909 Act or the 1976 Act that expired due to failure to comply with the requisite notice requirements could have been based on an unpublished preexisting work still in existence, which could then be used to reassert rights in the formerly public domain work.

The end result of permitting a party with a lapsed copyright to reestablish its monopoly over that work would be to inhibit the use of works by the public, a result clearly contrary to the intent of the Copyright Acts. "The primary objective of copyright is not to reward the labor of authors, but '[t]o promote the Progress of Science and useful Arts.'" *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 349 (1991) (quoting U.S. Const. Art. I, § 8, cl. 8). Resurrecting lost statutory copyrights would benefit only copyright owners. Resurrection would not advance the progress of science and useful arts because authors will not become more creative or more prolific simply because they know that they need not follow the Copyright Act in order to maintain copyright protection. Moreover, many of the works that would pose a problem already exist, and thus relaxing the statutory rules would provide no incentive, but instead would be merely a windfall to the former copyright owner.

Furthermore, it is not unfair to find that a party that utilized its rights in an underlying work to create a derivative work published the underlying work to the extent that the party incorporated that work into its derivative work. The Second Circuit has noted in dicta that "once the scriptwriter obtains the economic benefit of the recording and the broadcast, he has obtained all that his common law

copyright was intended to secure for him; thus, it would not be unfair to find that publication of the derivative work divested the [underlying] script of its common law protection." *Gilliam v. American Broadcasting Cos., Inc.*, 538 F.2d 14, 20 (2d Cir. 1976); *see also La Cienega Music Co. v. ZZ Top*, 53 F.3d 950, 953 (9th Cir. 1994) (noting that "'an author in permitting records of his work to be publicly marketed is certainly engaging in a form of exploitation of his work and should therefore be required to seek protection, if at all, only under the limited monopoly concept of the federal Copyright Act'") (quoting Nimmer (1992) § 4.05[B] at 4-26). This principle is particularly compelling here, where the same entity claiming the common law rights owned the statutory copyright in the published derivative work.

Here, Batjac published McClintock! in 1963 with copyright notice. By publishing the film with notice, Batjac secured statutory copyright for all parts of the work not separately copyrighted. This protection extended to all copyrightable components of the work including the screenplays. When Batjac failed to renew the motion picture copyright in 1991, all portions of the work covered by the motion picture copyright entered the public domain. Therefore, the Register properly refused to register the screenplays for copyright.

c. ***Plaintiffs were not entitled to separately register the screenplays for statutory copyright after motion picture was published.***

Plaintiffs also contend that even if the screenplays were published with the motion picture, they remain in statutory copyright because section 7 prevents the screenplays from entering the public domain based solely on the fact that the McClintock! motion picture copyright entered

the public domain. Plaintiffs admit that they would have had to renew the screenplay rights in 1991, but they contend that they were prevented from separately renewing the works by the Copyright Office's practice of not registering the constituent elements of motion pictures for separate copyright where the owner of the motion picture also owned the incorporated material and the film was exhibited without a separate copyright notice for the incorporated material.

However, as discussed above, publication of the film with copyright notice in Batjac's name secured statutory copyright for the entire picture. Therefore, Batjac had nothing to renew separately from the motion picture. Furthermore, the fact that Batjac did not renew the motion picture copyright casts serious doubt on its contention that it did not attempt to renew copyrights in the screenplays because of a practice of the Copyright Office. Moreover, under *Stewart*, the right to seek a renewal term would lie with the author's heirs, not with Plaintiffs, because Grant, the author of the screenplays, died in 1966, which was prior to the expiration of the initial copyright term.[6]

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[6] Plaintiffs rely on the 1963 McClintock! registration certificate as proof of their contention that they owned the underlying screenplays as works made for hire. However, the evidence in the record that is more than sufficient to overcome the resumption of validity of the facts recited on the certificate. In Plaintiffs' application to register the screenplays for copyright, Plaintiffs asserted that they owned the screenplays by assignment. In addition, there are several documents in the record hat describe Batjac's ownership as an assignment, including the original agreement between Batjac and Grant. (Wayne Decl., Ex. C, letter from Grant to Batjac and executed assignment agreement.) Finally, Plaintiffs' statement of uncontroverted facts and conclusions of law states that Grant "assigned the copyrights and all versions of the screenplay to Batjac." (Plaintiffs' statement of uncontroverted facts and conclusions of law ¶ 8.)

C. *UAV Infringed Plaintiffs' Copyright in the 1993 McClintock!.*

In order to establish copyright infringement, a plaintiff must establish (1) ownership of a valid copyright and (2) copying of original elements of the work. *See Feist*, 499 U.S. at 361.

1. *Plaintiffs own a valid copyright for the 1993 McClintock!.*

There is no dispute that if the 1993 copyright is valid, Plaintiffs own it. UAV, however, asserts that the copyright is not valid because the 1993 McClintock! lacks sufficient originality to qualify for copyright protection. UAV asserts that Batjac's changes – "panning and scanning" the public domain McClintock! and enhancing the film's soundtrack – are merely mechanical rather than creative alterations to the underlying work. The Court finds that the 1993 copyright is valid and encompasses both of Batjac's additions.

A certificate of copyright registration "shall constitute *prima facie* evidence of the validity of the copyright and the facts stated in the certificate." 17 U.S.C. § 410(c); *see also Apple Computer, Inc. v. Formula Intern, Inc.*, 725 F.2d 521, 523 (9th Cir. 1984). The burden of proving invalidity lies with the party making the invalidity claim. *See, e.g., North Coast Indus. v. Jason Maxwell, Inc.*, 972 F.2d 1031 (9th Cir. 1992); *Apple Computer*, 725 F.2d at 523. The presumption can be resolved on summary judgment. *Apple Computer, Inc. v. Microsoft Corp.*, 759 F. Supp. 1444 (N.D. Cal. 1991).

To be copyrightable, a work must possess more than a *de minimis* degree of creativity; the work must possess "at least some minimal degree of creativity." *See*

Feist, 499 U.S. at 363. The "minimal creativity" test applies to works based on derivative works. *See Peter Pan Fabrics, Inc. v. Dixon Textile Corp.*, 280 F.2d 800, 802 (2d Cir. 1980). "The vast majority of works make the grade quite easily, as they possess some creative spark, 'no matter how crude, humble or obvious' it might be." *Feist*, 499 U.S. at 345 (quoting Nimmer (1990 ed.) at § 1.08[C][1]). Thus, the degree of originality required to create a copyrightable derivative work is low. UAV's contention that a derivative work must contain "substantial originality" in order to receive statutory copyright is simply wrong.

a. ***Batjac's pan and scan format change is a copyrightable element of the 1991 McClintock!.***

The Court's research has found no reported decisions addressing the copyrightability of a pan and scan version of a motion picture. Examples of derivative works that courts have held to be copyrightable in other contexts include: a derivative work created by compiling multiple scenes from prior Charlie Chaplin movies, *Roy Export Co. Establishment of Vaduz, Liechtenstein, Black Inc., A.G. v. Columbia Broadcasting System, Inc.*, 503 F. Supp. 1137, 1149 (S.D.N.Y. 1980); a derivative video poker game that added flashing cards, a split-screen feature, and new wagering features, *M. Kramer Mfg. v. Andrews*, 783 F.2d 421, 440 (4th Cir. 1986); and a sped-up version of a video game, *Midway Mfg. Co. v. Arctic Intern, Inc.*, 704 F.2d 1009, 1014 (7th Cir. 1983).

In contrast are derivative works that consist of mere mechanical additions to the underlying work, which are not copyrightable, including: a smaller, plastic version of a cast iron, public domain piggy bank, *L. Batlin & Sons, Inc. v. Snyder*, 536 F.2d. 486, 491 (2d Cir. 1976); a derivative data

table where the only addition to the public domain version of the table was a change in the display of the table from vertical to horizontal, *Hengst v. Early & Daniel Co.*, 59 F. Supp. 8, 10 (1945); and works reproducing Walt Disney cartoon characters as plastic "wind-up" figures, *Durham Indus., Inc. v. Tomy Corp.*, 630 P.2d 905, 910 (2d Cir. 1980).

(1) *The pan and scan process can be used to create a copyrightable work.*

UAV contends that the pan and scan process is a mechanical one where the author of the pan and scan work simply follows the action in the movie, "an obvious and routine basis for scene selection [] entitled to no more protection than [] the obvious alphabetic arrangement of names in a telephone directory" that the Supreme Court held to be noncopyrightable in *Feist*. (UAV's Opposition to Plaintiffs' Motion for Summary Judgment and Cross-Motion.) Indeed, the Copyright Office has noted that "[t]he rule of thumb for panners and scanners is to follow the action, which simply translates into holding on whoever is speaking or following the movements of the central character." (Phares Decl., Exh. P, Register of Copyrights, *Technological Alterations to Motion Pictures*, 60 (March 1989) ("Technological Alterations") (internal quotations omitted).)

On the other hand, the Copyright Office also has stated that there is "virtually an infinite number of possible" pans and scans of a film, and that the results are "virtually indistinquishable from actual camera pans." Technical Alterations 62. The Copyright Office further recognizes that "the aesthetic effect of panning and scanning" varies depending upon the manner in which the process is conducted. *Id.* According to the Motion Picture Association of America, the person panning and scanning a wide-screen

motion picture "can vary the speed with which the 'camera' pans across the image . . . [and] can zero in on specific features on the film image and accentuate them in the video version." *Id.* at 61.

The pan and scan process clearly has the potential to create a copyrightable derivative work and, according to Nanette Petruzzelli, Chief of the Examining Division of the Copyright Office, panned and scanned versions of prior films are accepted for copyright registration. (Supplemental Gerber Decl., Ex. B, Petruzzelli Depo. at 53-54, 94.)

(2) ***Batjac's pan and scan version of McClintock! is entitled to copyright protection.***

UAV asserts that Batjac's pan and scan version of McClintock! is not copyrightable because on Batjac's copyright certificate the Copyright Office put an asterisk before the word "format" and wrote on the face of the certificate: "Format not copyrightable. Compendium II of Copyright Office Practices." The notation referred to Batjac's claim that the new material added to the underlying work to create the derivative work included "editing for new visual format," by which Batjac was referring to panning and scanning.

The format "warning" notation is made where a registration form suggests a noncopyrightable change in format. (Phares Decl., Exh. X, Petruzzelli Depo. at 18-19, 88.) For example, the "format not copyrightable" notation is used when the person seeking registration lists "editing for new visual format" as new material, but the examiner is unable to determine whether there has been a copyrightable change in the medium. (Supplemental Gerber Decl., Ex. B., Petruzzelli Depo. at 54.) Thus, in this case, the format

notation means only that the examiner at the Copyright Office was unable to tell from the registration application what changes were entailed in Batjac's "editing for new visual format." The notation does not mean that a work created by the pan and scan process is not copyrightable or that Batjac's pan and scan version in not copyrightable.

UAV's evidence on summary judgment consisted primarily of declarations from two editing experts,[7] both of whom found the two works to be visually indistinguishable.[8] However, 44% of the original film was not reproduced. It is clear that the experts were looking for alterations that they, rather than copyright law, deemed significant.

Plaintiffs have produced evidence detailing the creation of the panned and scanned McClintock!, and the changes are sufficiently original to warrant protection. Michael Wayne, President and Chairman of the Board of Batjac (and son of John Wayne), created the pan and scan version by "ma[king] artistic decisions about the composition of each frame of the 1963 picture, determining which portions should stay and which should be 'chopped off.'" (Wayne Decl. ¶ 16.) Wayne attempted to show the portions of the film "that [he] believed would be most effective for the storytelling, the characters, the interplay of characters and the quality of the 1993 VHS videocassette version of the film."

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[7] UAV's evidence consists in large part of documents produced in another case, of which UAV has requested the Court to take judicial notice. Plaintiffs assert that the documents are not admissible to support UAV's summary judgment motion because the documents consist entirely of hearsay. The Court finds it unnecessary to address this issue because even considering this evidence, UAV has failed to present sufficient evidence to prevail.

[8] The only exception to the experts' conclusions was the film's credits, which Batjac changed from two columns to one column in order to fit on the smaller television screen.

(*Id.*) In addition, the Court compared the 1993 McClintock! to the public domain McClintock!, and the Court finds that Wayne's changes are sufficiently original to warrant copyright protection for the new pan and scan material. *See Pluto Prod. Corp. v. Dana*, 627 F. Supp. 1435, 1441 (S.D.N.Y. 1986) (holding that the determination of creativity of a derivative work is judged by a "casual observer standard").

UAV has not presented evidence rebutting Batjac's factual assertions. UAV's expert opinions do not add to its position given that the experts were looking only for changes they deemed "sufficient." Accordingly, the Court finds that as a matter of law Batjac's pan and scan changes to the motion picture are copyrightable .

b. ***Batjac's additions to the soundtrack of McClintock! are copyrightable.***

In addition to panning and scanning, Batjac also digitized the soundtrack of the 1963 movie, remixed it, stereoized the previously monaural sound, and upgraded the quality of the sound, all of which required a creative mixing and balancing of sounds. (Wayne Decl.¶ 19; Certificate of Copyright for the 1993 McClintock!.) UAV contends that these changes, which the Copyright Office found sufficient to warrant a derivative copyright registration, are not sufficiently original under the Copyright Act. UAV contends that the sound issue should be controlled by *Hearn v. Myer*, 664 F. Supp. 832 (S.D.N.Y. 1987), in which the court held that mere artistic reproductions within the same medium were not copyrightable despite the plaintiff's expenditure of great time and effort. *See id.* at 839-40.

The reasoning of *Hearn* is not applicable to the case before the Court. The Copyright Office accepts alterations such as remixing and stereoizing as sufficiently original to constitute derivative works. (Compendium II § 496.03(b)(1); Supplemental Gerber Decl., Ex. B, Petruzzelli Depo. at 9-13 (explaining that the policy of accepting sound alterations for copyright originated in connection with sound recordings but could be applied by analogy to permit registration of derivative works based on motion picture soundtracks).) Indeed, with regard to sound recordings, the statute explicitly recognizes that a "derivative work in which the actual sounds fixed in the sound recording are rearranged, remixed or otherwise altered in sequence or quality" is a protectable new work. 17 U.S.C. § 114(b). The Court finds that motion picture soundtracks are analogous to sound recordings and therefore alterations of motion picture soundtracks, including remixing and stereoizing, can create a separately copyrightable derivative work.

UAV presented declarations by an expert witness, an experienced editor at a post-production video facility, who stated that he found the public domain McClintock! to be audibly indistinguishable from the 1993 McClintock!. The expert also opined that the 1993 McClintock! was not in stereo. However, the Court listened to the soundtrack of both works and found the 1993 McClintock! soundtrack to be a noticeable improvement over the public domain version. The Court also discovered that it did not need an expert to hear that the soundtrack for the 1993 McClintock! was in stereo. Accordingly, the Court finds that UAV's legal arguments and evidence are insufficient to overcome the copyright's presumption of validity,[9] and thus

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[9] UAV also contends that there is a genuine issue of fact as to whether Batjac owns the copyright, given that the modifications to the 1993 McClintock! were made by an independent lab, "apparently without

the sound enhancements are new material protected by copyright.[10]

2. *UAV copied the 1993 McClintock!.*

UAV does not contest that it copied the 1993 McClintock! except for the music, which UAV exchanged for its own music. (UAV's Statement of Issues In Opposition to Plaintiffs' Motion For Summary Judgment ¶¶ 23-24.) Therefore, UAV is liable for infringing Plaintiffs' rights in the 1993 McClintock!.

3. *Plaintiffs must still prove damages.*

Derivative copyright protection only permits an infringement action for use of the elements original to the derivative work. Thus, Plaintiffs must still prove damages,

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assigning the copyright to Batjac." (UAV's Opposition to Plaintiffs' Motion and Cross-Motion at 29.) However, UAV's mere supposition, unsupported by evidence, is insufficient to rebut the presumption of validity of the certificate of copyright.

[10] With regard to the changes in sound quality, one might worry that the first person to create such a derivative work would be able to monopolize the underlying public domain work by threatening any other party who, for example, stereoizes the public domain work, with copyright litigation. *Cf. Gracen v. Bradford Exchange*, 698 F.2d 300 (7th Cir. 1983) (stating belief that a low originality requirement in the derivative work context threatened to inhibit creation of works by giving the first creator power to interfere with creation of subsequent derivative works). However, a new test for originality in the derivative work context is not necessary (nor would creation of a new test be within the power of this Court). So long as the derivative works are not copied from the original derivative work, but are created independently from the underlying work, subsequent derivative works cannot infringe the first derivative work. Nimmer § 3.03; *Tempo Music, Inc. v. Famous Music Corp.*, 838 F. Supp. 162, 170 (S.D.N.Y. 1993).

and, as the Ninth Circuit has commented, given the low level of originality required for copyright protection in the context of derivative works, originality "means little more than a prohibition of actual copying." *Sid & Marty Krofft Television Prod. Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1163 n. 5 (9th Cir. 1977). Here, however, UAV violated that proscription.

III. Conclusion

Based on the foregoing, the Court grants summary judgment in favor of UAV, Goodtimes, and the Register on the issue of the propriety of the Register's decision not to register the McClintock! screenplays for copyright and grants summary judgment in favor of Plaintiffs on the issue of UAV's liability for copyright infringement.

IT IS SO ORDERED.

DATED: 5/21/97 /s/ DEAN D. PREGERSON
DEAN D. PREGERSON
United States District Judge

Section 7 of the Copyright Act of 1909, 17 U.S.C. § 7

Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title; but the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

Supreme Court, U.S.
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No. 98-1426

In The

Supreme Court of the United States

October Term, 1998

BATJAC PRODUCTIONS, INC.,
a California corporation,

Petitioner,

vs.

GOODTIMES HOME VIDEO CORPORATION,
a Delaware corporation; and
MARYBETH PETERS, REGISTER OF COPYRIGHTS,

Respondents.

On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Ninth Circuit

BRIEF IN OPPOSITION

HELENE M. FREEMAN
Counsel of Record
DORSEY & WHITNEY LLP
250 Park Avenue
New York, New York 10177
(212) 415-9200
Counsel for Respondent
GoodTimes Home Video Corp.

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

COUNTER-STATEMENT OF QUESTIONS PRESENTED FOR REVIEW

Did the U.S. Court of Appeals for the Ninth Circuit err in holding that those portions of draft screenplays contained in the public domain motion picture "McLintock" attained statutory copyright with the motion picture in 1963 and entered the public domain in 1991 when petitioner Batjac Productions, Inc. ("Batjac"), the owner of the screenplays and the film, failed to renew the motion picture copyright?

DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule of Procedure 29(6), Respondent GoodTimes Home Video Corp. ("GoodTimes") has no parent corporations and no non-wholly-owned subsidiaries.

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BRIEF IN OPPOSITION ON BEHALF OF RESPONDENT

I. STATEMENT OF THE CASE

Petitioner Batjac produced a motion picture entitled "McLintock." The film was published on November 1, 1963 and was duly registered for copyright. It is conceded that the motion picture copyright was not renewed in 1991 and that the film is now in the public domain. (Petition for Certiorari ("Petition") at 5.) As is almost uniformly the case, the motion picture was produced from a screenplay, several drafts of which were written in or about 1962 by James Edward Grant. On October 18, 1962, Grant assigned to Batjac all of his rights in the draft "McLintock" screenplays, including "all draft versions and adaptations," with the "unqualified right to use said work, in whole or in part, in whatever manner [Batjac] may desire." Grant died in 1966.

More than thirty-two years after the publication of the film and more than four years after the film passed into the public domain, Batjac applied to register two intermediate drafts of the motion picture screenplay for copyright as "unpublished" works. The Copyright Office declined to register the portions of the screenplays that were contained in the public domain film. With this limitation, the Copyright Office offered to register the balance of the screenplays, but this offer was refused.

On February 23, 1996, while its application to register the draft screenplays was pending but before the Copyright Office had issued its rejection, Batjac commenced an action against GoodTimes in the United States District Court for the Southern District of New York alleging

infringement of its purported common law copyright in those drafts. GoodTimes had commenced the sale and distribution of the public domain motion picture in home-videocassette format in 1993.[1] After the Copyright Office rejected Batjac's application, the Register of Copyrights intervened in the action pursuant to 17 U.S.C. § 411(a).

Thereafter, the action was transferred to the United States District Court for the Central District of California to facilitate its consolidation with a previously filed action, *Maljack Productions, Inc. and Batjac Productions, Inc. v. UAV Corp.*, Case No. 96-0749 DDP VAPx (the "UAV action"), which raised the identical issue of whether valid copyrights existed in the draft "McLintock" screenplays. On January 30, 1997, the district court entered an order consolidating the case against GoodTimes with the UAV action solely for purposes of determining the registrability for copyright of the two draft screenplays. All parties moved for summary judgment on this issue.

On May 22, 1997, the district court entered an order granting the Register's and GoodTimes' cross-motions for summary judgment, finding that the Register correctly refused to register the draft "McLintock" screenplays because they secured statutory copyright with the motion

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[1] Maljack Productions, Inc., to whom Batjac had assigned all of its right, title and interest in the film in the videocassette format, brought suit against GoodTimes in 1993 alleging, *inter alia*, copyright infringement, violation of the Lanham Act and infringement of state law rights in the motion picture soundtrack. All of these claims were ultimately dismissed. *See Maljack Productions, Inc. v. GoodTimes Home Video Corp.*, 81 F.3d 881 (9th Cir. 1996).

picture and passed into the public domain when the copyright was not renewed. (*See* Petition, Appendix 2.) This decision and order was affirmed by the United States Court of Appeals for the Ninth Circuit in a decision issued on November 5, 1998. (*See* Petition, Appendix 1.)

II. REASONS FOR NOT GRANTING THE WRIT

The instant petition concerns an issue of federal copyright law that has been addressed by four circuit courts of appeal during the last twenty years. One of those decisions was that of the Ninth Circuit below, while the others were *Classic Film Museum, Inc. v. Warner Bros., Inc.*, 597 F.2d 13 (1st Cir. 1979), *Harris Custom Builders, Inc. v. Hoffmeyer*, 92 F.3d 517 (7th Cir. 1996) and *Shoptalk, Ltd. v. Concorde-New Horizons Corp.*, 1999 WL 73980 (2d Cir., February 3, 1999). These decisions address the issue raised in this petition: whether common law copyright in a work is extinguished under the Copyright Act of 1909 (the "1909 Act") when that work attains statutory copyright through registration with the Copyright Office and publication with notice thereafter, or, in the case of *Harris*, falls into the public domain through incorporation into a work published without notice. All of these decisions resolve the issues in favor of GoodTimes' position here.

This unanimity of opinion is not surprising. It was settled law for nearly eighty years that common law copyright in a work was forfeited when that work attained statutory copyright, as reflected by the consistent practices of the Copyright Office and the opinions of commentators in the field. During the past five years, several district court decisions, seizing on isolated *dicta* in

this Court's decision in *Stewart v. Abend*, 495 U.S. 207, 110 S. Ct. 1750 (1990), created some confusion on the issue, but the error of those district court decisions has now been established by the circuit court opinions set forth above. In the absence of a conflict in circuit court authority or an unsettled question of law making review by this Court appropriate, the petition should be denied.

A. The "McLintock" Screenplays Attained Statutory Copyright When the Motion Picture Was Published With Notice in 1963

The Ninth Circuit correctly concluded below that the "McLintock" draft screenplays were published by the motion picture to the extent that they were incorporated into the film. (Petition, A-16-17.) As a result, the draft screenplays attained statutory copyright with the motion picture in 1963 and fell into the public domain with the motion picture in 1991 when the motion picture copyright was not renewed. Batjac argues in its petition, as it has throughout this action, that the draft screenplays retained common law copyright protection after 1963, notwithstanding their incorporation into the published motion picture, and that it therefore retains a right to enforce its copyright in those screenplays. Batjac's argument is without merit. Indeed, it conflicts with well-reasoned circuit court authority and the opinions of all leading commentators in the field.

One such decision is *Classic Film Museum, Inc., supra,* in which the First Circuit concluded that an action for infringement of alleged common law copyright in the unregistered motion picture screenplay for the film "A

Star is Born" and the unregistered story from which the screenplay was prepared could not be maintained following the expiration of the statutory copyright in the motion picture. The court held that the owner of the copyright in the motion picture could not be permitted to avoid the limited term of the film's statutory copyright by asserting a common law copyright in the screenplay and the story from which the film was made. The court reasoned that any other conclusion would conflict with the statutory and constitutional requirement that copyright exist for a limited term and would lead to a result which "cannot be countenanced." 597 F.2d at 15. The Ninth Circuit relied heavily on the logic of *Classic Film* in reaching its decision below (Petition, A-22-23), and properly so, for the case is on all fours here.

Batjac offers two criticisms of the circuit court's reliance on the decision in *Classic Film*. First, Batjac contends that the *Classic Film* court did not reach the question of whether the publication of the film published the screenplay. However, since the elements of the screenplay and story contained in the film were protected by the statutory film copyright, the *Classic Film* court did not have to decide that the screenplay and the story were also published by the film. That the elements of those two works contained in the film achieved statutory copyright when the film's copyright was secured was a separate basis for the Court to hold they were no longer protected by common law, independent of whether the screenplay and story were "published."

The defect in Batjac's alternative argument that passage of the 1976 Copyright Act renders the decision in *Classic Film* irrelevant is two-fold. In the first instance,

whether the "McLintock" draft screenplays, as reflected in the film, attained statutory copyright in 1963 must be determined under the law as it existed at that time. If the screenplays, as reflected in the film, had exchanged common law protection for statutory protection before the effective date of the 1976 Act, nothing in the 1976 Act reinvested them with common law rights. Thus, the 1976 Act is irrelevant to the resolution of the issue posed here.

In addition, it ignores the fact that the district court, whose opinion the First Circuit expressly adopted, *see* 597 F.2d at 15, *did* consider whether its decision would be altered by the 1976 Copyright Act and concluded that it would reach the same conclusion. *Classic Film Museum, Inc. v. Warner Bros., Inc.*, 453 F. Supp. 852, 856 n.4 (D.Me. 1978).

Another decision upon which the courts below expressly relied that is contrary to Batjac's argument is *Harris Custom Builders, Inc. v. Hoffmeyer, supra.* In that case, the Seventh Circuit held that publication of abbreviated drawings derived from unpublished blueprints by the owner of the blueprints amounted to a publication of the blueprints to the extent reflected in the drawings. 92 F.3d at 519-20. Similarly, the publication of the "McLintock" motion picture effectively published the screenplays to the extent reflected in the motion picture, as both courts below held.

Batjac attempts to distinguish *Harris* on the ground that the motion picture and its screenplays are in different media, but this supposed distinction is meaningless, as shown by *Kalem Co. v. Harper Bros.*, 222 U.S. 55, 32 S. Ct. 20 (1911), in which this Court held that a motion

picture infringed the copyright in the novel *Ben Hur*. Further, Batjac cites to nothing in the 1909 or 1976 Copyright Acts nor any case decided under either statute that draws any distinction based on the medium in which the reproduction of a work is distributed.

Batjac's alternative argument that *Harris* is limited to the 1976 Act and has no application to the 1909 Act (Petition at 21) is premised on an outrageous editing of a single sentence. The omitted language establishes that the court qualified its ruling only to make clear that it had no application to publications after March 1, 1989, the effective date of the Berne Convention Implementation Act of 1988, which abolished the notice requirement as a condition of copyright.[2] *See* 17 U.S.C. § 405(a). Batjac offers no basis for distinguishing between the 1909 Act and the 1976 Act insofar as the *Harris* court's conclusion that a publication of a derivative work constitutes a publication of the pre-existing works contained therein.

Finally, if there were any doubt on the matter, it is resolved by the decision issued by the Second Circuit in *Shoptalk, Ltd. v. Concorde-New Horizons Corp., supra,* after the Ninth Circuit issued its decision in this case. In *Shoptalk,* the Second Circuit held that the publication of the motion picture "Little Shop of Horrors" in 1960 published the screenplay for that motion picture to the extent such

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[2] The full text of the sentence in *Harris* is "[o]ur analysis is relevant only to cases, such as this one, which arise under the 1976 Copyright Act, *prior to its amendment by the Berne Convention Implementation Act.*" (Emphasis added to portion omitted from quotation contained in Petition at 21.) 92 F.3d at 517.

screenplay was disclosed in the film. The consequence of this publication meant that the copyright in the "Little Shop of Horrors" screenplay, like that for the motion picture, expired when it was not renewed in 1988. In its petition, Batjac makes no effort to distinguish *Shoptalk* on its facts or its holding, for its similarities on both the facts and the law are too obvious to be overlooked. Instead, Batjac simply argues that the decision was wrong.

In doing so, Batjac repeatedly relies on the district court's decision in *Shoptalk, Ltd. v. Concorde-New Horizons Corp.*, 897 F. Supp. 144 (S.D.N.Y. 1995) as support for its arguments, at times seeming to forget that this decision, upon which it heavily relied below and that the Ninth Circuit expressly declined to follow (A-20, n. 12), has been reversed and its reasoning rejected. (Petition at 23.) Similarly, the Second Circuit's *Shoptalk* decision obviously casts doubt on one of the other district court decisions upon which Batjac relied both below and in its petition, *Jim Henson Productions, Inc. v. John T. Brady & Assoc.*, 867 F. Supp. 175 (S.D.N.Y. 1994).[3]

The opinions of all leading commentators in the field are also contrary to Batjac's position. *See* 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright*, § 4.12[A]; Boorstyn, *On Copyright*, § 4.08 at pp. 4-9 ("The generally accepted (and

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[3] Another decision supporting the Ninth Circuit's holding below was the prior decision of that court in *La Cienaga Music Co. v. ZZ Top*, 53 F.3d 950, 952 (9th Cir. 1995), which adopted the general rule that publication of a derivative work publishes any underlying work that it reproduces, applying it to the peculiar problem posed by sound recordings.

better) view is that publication of a derivative work constitutes publication of the preexisting work on which it is based.").

The net result leaves Batjac with no relevant authorities to support the contentions expressed in the Petition and an array of authorities from various circuit courts and treatises aligned against it. As for Batjac's now desperate attempt to transform section 7 of the 1909 Act into a life preserver to save its case, its argument is refuted by the text of the Act itself and many of the foregoing authorities.

B. Section 7 of the 1909 Act Does Not Save Batjac's Case

Section 7 of the Copyright Act of 1909 provides:

> Compilations or abridgements, adaptations or arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright, but the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works or to secure or extend copyright in such original works.

Batjac argues that this provision protects the value of its "subsisting copyright," *i.e.*, the purported common law copyright it supposedly retained in the draft "McLintock"

screenplays. However, both courts below held that the term "copyright" as used in Section 7 of the 1909 Act applied solely to statutory copyrights, and that the statute had no application to works protected by the common law. The Second Circuit in *Shoptalk, supra*, reached the identical conclusion. 1999 WL 73980 at *7. The validity of these holdings is confirmed by the text of the 1909 Act and the manner in which it has been interpreted for decades by the Copyright Office.

The 1909 Act repeatedly uses the term "copyright" in a manner that could only refer to statutory copyright, not common law copyright. For example, Section 10 of the Act provided that "[a]ny person entitled thereto by this title *may secure copyright* for his work by publication with the notice of copyright required by this title" (emphasis added), and Section 12 of the Act provided alternatively that "[c]opyright may also be had of the works of an author, of which copies are not reproduced for sale, by the deposit, with claim of copyright of one complete copy of such work." One cannot read these provisions to cover common law copyrights, so the necessary implication is that the term "copyright" used in these provisions applies only to statutory copyright. *Shoptalk*, 1999 WL 73980 at *7. Since it is a "basic canon of statutory construction that identical terms within an Act bear the same meaning." *Estate of Cowart v. Nicklos Drilling Co.*, 505 U.S. 469, 479, 112 S. Ct. 2589, 2596 (1992), the use of the term "copyright" in Section 7 must likewise be construed to apply only to statutory copyright.

The interpretation of Section 7 offered by Batjac is also contrary to the longstanding policy of the Register of Copyrights, which has consistently adhered to the view

that portions of screenplays embodied in motion pictures are published upon publication of the motion picture. *See* U.S. Copyright Office, Compendium of Copyright Practices II at § 910.04 (1984). As the federal agency charged with administering the copyright laws, the Register's views as to how the statute should be interpreted are controlling, provided they are reasonable and not arbitrary, capricious or manifestly contrary to the provisions of the Copyright Act. *See Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 844, 104 S. Ct. 2778, 2782 (1984) ("a court may not substitute its own construction of a statutory provision for a reasonable interpretation made by the administrator of the agency"); *accord Mazer v. Stein*, 347 U.S. 201, 213-14, 74 S. Ct. 460, 468 (1954) (listing "practice of the Copyright Office" among the determinative elements in construction of statute).

C. The Decisions Below Are Not Contrary to *Stewart v. Abend*

In spite of all of the authorities described above, Batjac argues that an isolated sentence in *Stewart v. Abend*, *supra*, divorced from its context, compels the conclusion that Section 7 of the 1909 Act was intended to preserve common law copyright in material reproduced in derivative works. (Petition at 10-11.) Both the district court and the Ninth Circuit concluded below that the statement from *Stewart* was *dicta* and was neither binding nor persuasive. (Petition, A-17-22, B-14-20.)

In reaching this conclusion, both courts were clearly correct. The statement in *Stewart*, which Batjac contends

is controlling, is classic *dicta* insofar as it relates to unpublished works. *Stewart* resolved a problem arising under Section 24 of the 1909 Act. Since the problem in *Stewart* resulted from the statutory provision governing the renewal term for a published short story that had been registered for copyright, common law rights were not implicated in the case, a fact the Second Circuit recognized in *Shoptalk, supra*, 1999 WL 73980 at *8. *A fortiori* any reference to unpublished works in *Stewart* was wholly unnecessary to the decision. The portion of the statement upon which Batjac relies is therefore *dicta*. *E.g.*, *National Labor Relations Board v. Hendricks County Rural Electric Membership Corp.*, 454 U.S. 170, 187, 102 S. Ct. 216, 227 (1981) (characterizing statements unnecessary to a previous decision as *dicta*).

As far back as 1821, this Court strongly cautioned against the practice of relying on any *dicta*, even its own, to control the outcome of subsequent cases.

> It is a maxim, not to be disregarded, that general expressions, in every opinion, are to be taken in connection with the case in which those expressions are used. If they go beyond the case, they may be respected, but ought not to control the judgment in a subsequent suit, when the very point is presented for decision. The reason of this maxim is obvious. The question actually before the court is investigated with care, and considered in its full extent. Other principles which may serve to illustrate it, are considered in their relation to the case decided, but their possible bearing on all other cases is seldom completely investigated.

Cohens v. Virginia, 19 U.S. (6 Wheat.) 264, 399-400, 5 L.Ed. 257 (1821) (Marshall, J.). In the intervening 178 years, this Court has repeatedly emphasized that statements unnecessary to a decision are not binding in subsequent cases for the "obvious" reasons set forth in *Cohens*. *See U.S. Bancorp Mortgage Co. v. Bonner Mall Partnership*, 513 U.S. 18, 24, 115 S. Ct. 386, 391 (1994) ("This seems to us a prime occasion for invoking our customary refusal to be bound by *dicta*. . . . "); *In re Permian Basin Area Rate Cases*, 390 U.S. 747, 775, 88 S. Ct. 1344, 1364 (1968) (" . . . this Court does not decide important questions of law by cursory *dicta* inserted in unrelated cases. Whatever the *dictum's* meaning, we do not regard it as decisive here.").

Thus, the decision by the Ninth Circuit to reject Batjac's proffered interpretation of the sentence from the *Stewart* decision was clearly correct. Moreover, the Ninth Circuit did so not by simply dismissing this portion of *Stewart* as a "mistake" as Batjac claims (Petition at 12), but after carefully reviewing the decision and concluding that it had no application to these facts and that Batjac's interpretation of the isolated phrase was incorrect. (Petition, A-17-22.)

In fact, Batjac's contention that the portion of the sentence upon which it relies is not *dicta* divorces the sentence from its context. Throughout its discussion of Section 7, the Court in *Stewart* repeatedly makes clear that it construes Section 7 of the 1909 Act to refer to works that are copyrighted in accordance with the statute. Indeed, the Court states in *Stewart* that Section 7 applies only to previously published works, either copyrighted or in the public domain:

> The provision [Section 7] consists of one sentence with two clauses divided by a semicolon. The first clause lists the types of works that may be derivative works, *explains that one may incorporate either copyrighted or public domain works into a derivative work,* and further explains that the derivative work is itself copyrightable.

495 U.S. at 231, 110 S. Ct. at 1765. (Emphasis added.) Construing Section 7 with Section 3, the Court further states:

> Important for this case is that § 3 provides that *one can obtain copyright in a work where parts of the work are already copyrighted.* For example, one could obtain a copyright in an opera even though three of the songs to be used were already copyrighted. *This, and only this, is what is meant in Section 7 when it states that* '[c]ompilations or abridgements, adaptations, arrangements, dramatizations translations or other versions of works . . . or works republished with new matter shall be regarded as **new works** subject to copyright under the provisions of this title.'
>
> More important, however, is that under the express language of Section 3, *one obtains a copyright on the entire work, but the parts previously copyrighted get copyright protection only according to the 'duration or scope' of the already existing copyright.*

495 U.S. at 234, 110 S. Ct. at 1767. (Bold in the original, other emphasis added.) The Court concludes:

> Clearly, the 1909 Act's plain language requires that the *underlying work's copyright term* exists *independently* of the *derivative work's term,* even

> when incorporated and even though the derivative work holder owns copyright in the whole 'work'.

495 U.S. at 235, 110 S. Ct. at 1767. (Emphasis added.)

This Court's discussion of Section 7, properly read, does nothing more than assert the wholly unremarkable proposition that a copyright might be secured in a new work, though it contained or was based upon public domain or previously copyrighted works. If the underlying work was copyrighted, nothing the derivative work owner did or failed to do altered or affected the scope or validity of the underlying copyright. Here, the issue is whether an unregistered work (the draft "McLintock" screenplays) retained any common law protection to the extent contained in the published motion picture. *Stewart* has no application to this issue.

III. CONCLUSION

WHEREFORE, for all of the reasons described above, Respondent GoodTimes Home Video Corp. respectfully submits that this Court should deny the instant petition for a writ of certiorari, as the decisions below were correct applications of well-settled legal principles to the facts of this action, and there is no issue warranting review by this Court.

Respectfully submitted,

HELENE M. FREEMAN
Counsel of Record
DORSEY & WHITNEY LLP
250 Park Avenue
New York, New York 10177
(212) 415-9200
Counsel for Respondent
GoodTimes Home Video Corp.

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No. 98-1426

In the Supreme Court of the United States

BATJAC PRODUCTIONS INC., PETITIONER

v.

GOODTIMES HOME VIDEO CORPORATION, ET AL.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

SETH P. WAXMAN
Solicitor General
Counsel of Record
DAVID W. OGDEN
Acting Assistant Attorney General
ANTHONY J. STEINMEYER
ALFRED MOLLIN
Attorneys
Department of Justice
Washington, D.C. 20530-0001
(202) 514-2217

25pp

QUESTION PRESENTED

Whether, pursuant to Section 7 of the Copyright Act of 1909, the owner of a copyrighted motion picture that has fallen into the public domain can continue to control the use and distribution of that motion picture because it owns the otherwise uncopyrighted and unpublished screenplay upon which the motion picture was based.

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BRIEF FOR THE FEDERAL RESPONDENT IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. A1-A27) is reported at 160 F.3d 1223. The opinion of the district court (Pet. App. B1-B30) is reported at 964 F. Supp. 1416.

JURISDICTION

The judgment of the court of appeals was entered on November 5, 1998. On January 14, 1999, Justice O'Connor extended the time for filing a petition for a writ of certiorari to March 5, 1999, and the petition was filed that day. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. The Copyright Act of 1909 (1909 Act) (Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075, codified as amended, 17 U.S.C. 1 *et seq.* (1976)), provided a dual system of state

and federal protection against the unauthorized copying, printing, sale, or adaptation of copyrightable material. With respect to unpublished works, the 1909 Act preserved state-law protection. Under Section 2 of the 1909 Act, nothing in the Act "annul[s] or limit[s] the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work." 17 U.S.C. 2 (1976). Under the 1909 Act, however, state law protection for copyrightable materials ceased once those materials were published. See 1 Paul Goldstein, *Copyright* § 3.1, at 230 (1989) (Under the 1909 Act, "[s]tate common law copyright protected a work from its creation to its publication. Federal statutory copyright protected a work from the date of its publication through the expiration of its statutory term.") (footnotes omitted); see *id.* § 3.2.2, at 235-236.[1]

Instead, with respect to published works, the exclusive protection against unauthorized copying, printing, sale, or adaptation was provided by the 1909 Act itself. See 17 U.S.C. 1 (1976). To obtain statutory protection for a work under the 1909 Act, the author was (among other things) required to publish the copyrightable material together with a prescribed notice of copyright. 17 U.S.C. 10 (1976). Once that had been done, the author could "obtain registration of his claim to copyright," and the Register of Copyrights was required to issue a certificate evidencing the copyright claim. 17 U.S.C. 11 (1976). Statutory copyright protection under the 1909 Act lasted for 28 years from the

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[1] See also Staff of the Subcomm. on Patents, Trademarks and Copyrights of the Senate Comm. on the Judiciary, 86th Cong., 2d Sess., *Report on the Protection of Unpublished Works* (Comm. Print 1961).

date of first publication, and could be renewed for an additional 28 years. 17 U.S.C. 24 (1976).

The 1909 Act also addressed the creation and protection of new versions or adaptations of copyrighted materials, commonly known as derivative works. See 17 U.S.C. 1(b), 7 (1976). The 1909 Act provided that derivative works may be copyrighted, including "[c]ompilations or abridgements, adaptations, arrangements, dramatizations, [and] translations" of an original copyrighted or public domain work. 17 U.S.C. 7 (1976). And it further provided that the "publication" of such a derivative work would not affect any "subsisting copyright" on the underlying work. *Ibid.*

The Copyright Act of 1976 (1976 Act) (Act of Oct. 19, 1976, Pub. L. No. 94-553, 90 Stat. 2541, codified as amended, 17 U.S.C. 101 *et seq.*), eliminated the dual state-federal system of copyright protection effective January 1, 1978, and substituted an exclusive federal statutory scheme applicable to both published and unpublished works. See 17 U.S.C. 101 (1994 & Supp. III 1997). Because the transactions at issue in this case occurred before 1978, however, the contested legal issues are governed primarily by the 1909 Act rather than the Copyright Act of 1976.[2]

2. Petitioner owned the rights to the motion picture *McLintock!*. Pet. App. A3. Before the motion picture was released, petitioner also bought the rights to the screenplay for *McLintock!*, including the common law

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[2] The 1976 Act is not entirely without effect, however. Because petitioner claims a common law copyright in certain unpublished works, the 1976 Act converted whatever remains of that common law copyright into a statutory copyright. 17 U.S.C. 303 (1994 & Supp. III 1997). The term of that copyright depends on the lifespan of the author and on whether the work is published before the year 2002. *Ibid.*

right to control the first publication of the screenplay. *Ibid.* The motion picture was copyrighted under the 1909 Act in 1963, but petitioner failed to renew its copyright; as a result, the motion picture's copyright expired in 1991, and the movie passed into the public domain. Pet. App. A3-A4.

In 1993, respondent GoodTimes began distributing video cassettes of *McLintock!*. Three years later, in 1996, petitioner attempted to register a claim to unlimited copyright in the screenplay for *McLintock!*, but the Copyright Office refused to register the claim. All relevant copyrightable interests in the screenplay, the Copyright Office determined, had fallen into the public domain when the copyright in the motion picture of *McLintock!* expired. Pet. App. A4.

Petitioner then brought this action against GoodTimes, alleging that GoodTimes' distribution of video cassettes of the movie *McLintock!* infringed petitioner's copyright in the screenplay, and further claiming that the Copyright Office's refusal to register petitioner's copyright in the screenplay was improper. Petitioner contended that, under Section 7 of the 1909 Act, 17 U.S.C. 7 (1976), (1) the public distribution of the movie *McLintock!* did not extinguish its common law right of first publication in the screenplay; (2) the Copyright Act of 1976 subsequently transformed the common law right into a statutory copyright, see note 2, *supra*; and (3) the resulting statutory copyright in the screenplay permits petitioner to control the movie *McLintock!*, even though the motion picture itself has fallen into the public domain. The Copyright Office intervened as defendant to defend its refusal to register petitioner's copyright claim.

3. The district court granted summary judgment to the defendants, holding that petitioner's original com-

mon law right to first publication did not permit it to control the copying and use of a motion picture that had fallen into the public domain, and that the Register had thus properly refused petitioner's application to register the screenplay for copyright. The court held that the screenplay, as a component of the motion picture, had been published by the general publication of the motion picture, and that the screenplay had been protected by the motion picture's copyright. Accordingly, when the copyright on the motion picture expired and the movie fell into the public domain, the district court held, all elements of the screenplay that had been incorporated into the motion picture fell into the public domain as well. Pet. App. B20.[3]

4. The court of appeals affirmed. Pet. App. A1-A27. The court of appeals recognized that, under Section 7 of the 1909 Act, 17 U.S.C. 7 (1976), the "publication" of new, derivative works does not affect "subsisting copyrights" in underlying works. However, it concluded that the phrase "subsisting copyrights" refers to statutory copyrights only and not (as petitioner contends here) to so-called common law copyrights. Pet. App. A13. The term "copyright," the court of appeals explained, is used throughout the 1909 Act and in numerous instances can only be understood to mean statutory copyright. By contrast, the 1909 Act does not use the term "copyright" when referring to the common law right of first publication. Because Congress had

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[3] The district court's judgment also resolved a related, consolidated case, *Maljack* v. *UAV*, No. 96-CV-749 (C.D. Cal.). Petitioner had assigned distribution rights in a pan-and-scan version of the motion picture *McLintock!* to Maljack. Defendant UAV distributed the pan-and-scan version. The district court upheld Maljack's claim of infringement. No review of that portion of the district court's judgment was sought.

repeatedly used the term "copyright" to mean statutory copyright elsewhere in the statute, and nowhere in the statute had used the term "copyright" to refer to common law rights of first publication, the court of appeals concluded that Congress very likely used the term "copyright" to mean statutory copyright in Section 7 as well. Pet. App. A13.

The court of appeals further noted that its conclusion was supported by the Copyright Office's longstanding construction of Section 7. Federal courts, the court of appeals explained, should defer to an agency's reasonable construction of the statute entrusted to it for administration. Pet. App. A15-A16.

Finally, the court of appeals concluded that this Court's decision in *Stewart* v. *Abend*, 495 U.S. 207, 233 (1990), does not support petitioner's contentions. *Abend* did not turn upon the difference between statutory copyright and common law copyright; nor did that distinction receive any attention in *Abend*. Although petitioner sought to rely on an isolated clause in a single sentence of that opinion, the court of appeals held that the clause from *Abend* was not intended to decide the distinct issue presented in this case. Pet. App. A17-A22.

ARGUMENT

Petitioner challenges the court of appeals' construction of Section 7 of the Copyright Act of 1909, 17 U.S.C. 7 (1976). Because the court of appeals' decision is correct, consistent with the decisions of every court of appeals that has addressed the issue, and consistent with the decisions of this Court, further review is not warranted.

1. Petitioner does not dispute that, under the Copyright Act of 1909, the publication of an original work

extinguishes all state and common law rights to that work, and that the only protection available for such a published work is that provided by the federal copyright statute itself. See 1 Paul Goldstein, *Copyright* § 3.1, at 230, § 3.2.2, at 235-236 (1989). Likewise petitioner does not dispute that, under ordinary circumstances, a work passes into the public domain once the federal statutory copyright expires, divesting the owner of its ability to control copying, sale, and distribution. *Id.* § 3.1, at 230. Finally, petitioner does not appear to dispute the general applicability of those principles to this case. Thus, petitioner does not deny that its common law rights in the movie *McLintock!* were extinguished when that film was published in 1963; and it does not dispute that its statutory copyright in that film expired, and the film passed into the public domain, in 1991.

Nonetheless, relying on the language of Section 7 of the 1909 Act, 17 U.S.C. 7 (1976), petitioner claims that it retains the right to control the copying and distribution of the movie *McLintock!* by virtue of its supposed rights in the unpublished screenplay for *McLintock!*; and it seeks to register and enforce a copyright in that unpublished screenplay to secure control over the copying and distribution of the *McLintock!* movie. The district court and court of appeals correctly rejected that implausible claim—which would effectively extend the very rights in the motion picture that had expired under the terms of the statute when the copyright in the motion picture expired.

In relevant part, Section 7 of the 1909 Act provides that derivative works can be copyrighted independently of and separately from the original work from which they are derived. See 17 U.S.C. 7 (1976) ("Compilations or abridgements, adaptations, arrangements,

dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor * * * shall be regarded as new works subject to copyright under the provisions of this title."). And it further provides that "the publication" of such derivative works "shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works." 17 U.S.C. 7 (1976).

Thus, under Section 7 of the 1909 Act, a movie based on a book that has been copyrighted may also be copyrighted, and the fact that the book falls into the public domain and can be copied does not mean that the movie can be copied as well. Conversely, the publication and copyrighting of the motion picture cannot extend the statutory copyright of the book upon which the movie is based. And finally, the publication of the motion picture may not defeat the book's copyright either, such as might otherwise occur if the movie were published without the required copyright notice. Simply put, the publication and copyrighting of a derivative work has no effect on the copyright protection afforded to the underlying work on which the derivative work was based.

Petitioner, however, reads Section 7 as preserving not only statutory copyrights, but so-called "common law" copyrights, *i.e.*, the state law protection afforded to unpublished works, as well. Petitioner thus asserts that, under Section 7, the publication of the movie *McLintock!* had no effect on its "common law" copyright in the unpublished screenplay for *McLintock!*, because the screenplay itself was not published. Furthermore, petitioner claims that (even though its statu-

tory copyright in the movie *McLintock!* has expired) its rights in the screenplay for *McLintock!* give it the right to control the movie *McLintock!*, since the movie incorporates protected elements from the screenplay.[4] The district court and court of appeals properly rejected that argument.

a. As an initial matter, Section 7's express preservation of "subsisting copyrights" is best read as applying only to statutory copyrights, and not to so-called common law copyrights. As the court of appeals explained, the term "copyright" refers to statutory copyright, not common law copyrights, throughout the 1909 Act. See Pet. App. A12. As a result, "under [petitioner's] reading, the term 'copyright' would refer to 'common law copyright' essentially only under § 7—a rather convenient but dubious interpretation." Pet. App. A12. Indeed, even within Section 7, both just before and just after the phrase "subsisting copyrights," the term "copyright" is used to mean statutory copyright. The immediately preceding use of the term "copyright" in Section 7 refers to "copyright under the provisions of this title," *i.e.*, a statutory copyright. And the immediately succeeding use of "copyright" in Section 7 must mean statutory copyright as well, since it refers to "secur[ing]" or "extend[ing]" the term of a copyright. It would make little sense to speak of "securing" or "extending" a common law copyright, since common law copyrights arise by themselves (upon the creation of the work), and (barring publication) are perpetual. It is a standard "rule of statutory construction that identical

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[4] Because the 1976 Act converts all existing common law copyrights into federal statutory copyrights, see note 2, *supra*, petitioner also claims that it now has a statutory copyright in the unpublished screenplay for *McLintock!*

words used in different parts of the same act are intended to have the same meaning." *Sullivan* v. *Stroop*, 496 U.S. 478, 484 (1990) (quoting *Sorenson* v. *Secretary of Treasury*, 475 U.S. 851, 860 (1986) (in turn quoting *Helvering* v. *Stockholms Enskilda Bank*, 293 U.S. 84, 87 (1934) (in turn quoting *Atlantic Cleaners & Dryers, Inc.* v. *United States*, 286 U.S. 427, 433 (1932)))) (internal quotation marks omitted). That rule has special force where, as here, identical words are used in the same sentence.

Moreover, where the 1909 Act does address so-called common law copyrights—in Section 2, 17 U.S.C. 2 (1976), which preserves state common law rights in unpublished works—it does not use the term "copyright" or even "common law copyright." Instead, it refers to "the right of the author or proprietor of an unpublished work, at common law or in equity, to prevent the copying, publication, or use of such unpublished work without his consent." *Ibid.* The fact that Congress elsewhere in the statute addressed common law copyrights and did not refer to them as "copyrights" at all makes it especially unlikely that it meant to include common law copyrights when it referred to copyrights in Section 7.[5]

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[5] Petitioner's response—that this construction of Section 7 has the effect of inserting the word "statutory" before the word "copyright," Pet. 9—is unpersuasive. The question here is whether the term "copyright" refers to statutory copyright alone, or whether it refers to common law and statutory copyrights alike. The facts that the term "copyright" necessarily means statutory copyright alone throughout the 1909 Act (and within other phrases in Section 7), and that the 1909 Act used different language to convey the concept of common law copyrights (as in Section 2), make it singularly unlikely that Congress meant the phrase "subsisting copyrights" in Section 7 to include common law copyrights. In

b. Petitioner's contention that the phrase "subsisting copyright" means "subsisting statutory or common law copyright" also flies in the face of Section 7's subject matter. By its terms, Section 7 addresses the scope of protection given to works that, like "compilations or abridgments, adaptations, arrangements * * * or other versions," are derived from *either* (1) "works in the public domain" or (2) "copyrighted works." 17 U.S.C. 7 (1976). Nowhere does it purport to address the protection of works that are derived *not* from public domain works, *nor* from copyrighted works, but rather from unpublished works that otherwise would be protected only by state law.[6] By seeking to apply Section 7 to such unpublished (non-copyrighted and non-public domain) materials, petitioner would extend Section 7 beyond its express textual scope.

Contrary to petitioner's contentions, protection for works that are derived not from copyrighted or public domain materials, but rather from previously unpublished material, is the subject matter of Section 3, not Section 7. In particular, Section 3 specifies that "[t]he copyright provided by this title shall protect all the *copyrightable* component parts of the work copyrighted." 17 U.S.C. 3 (1976) (emphasis added). Under

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these circumstances, it is petitioner who would have the courts insert the words "statutory or common law" before the word "copyright" in the statute.

[6] Petitioner does not contend that the phrase "copyrighted works" means works protected by a so-called common law copyright. Nor could it: The use of "copyright" as a verb would not make sense in the context of common law copyrights, as common law copyrights are not obtained through particularized undertakings or conferral—there is no act of "copyrighting" the work—but instead arise automatically upon the creation of the unpublished work.

petitioner's construction of Section 7, however, Section 3 would be largely surplusage. Common law copyright would always attach (under Section 2) upon the work's creation, and the published version would be protected under Section 7 as a derivative work of the original, unpublished creation. It is, of course, inappropriate to construe one provision of a statute so as to render another superfluous. See *Moskal* v. *United States*, 498 U.S. 103, 109-110 (1990).

c. Petitioner's construction of Section 7, moreover, would lead to incongruous results. Virtually every copyrighted work is based on a previously unpublished draft or version. If petitioner were correct that Section 7 protects common law rights in the initial, unpublished draft despite the publication and copyrighting of a later version incorporating all of the protectible elements contained in the earlier draft, then authors under the 1909 Act presumably would have had (until the 1976 revisions) the perpetual ability to control the use of published materials: They could rely on the perpetual common law protection accorded to the unpublished, prior draft to control copying of the later, published and copyrighted version, even after the published version's copyright had expired and it had fallen into the public domain. Indeed, it is precisely such an extension of the statutory copyright period that petitioner seeks to obtain here. Petitioner is attempting to control the distribution of *McLintock!* the movie even though that film passed into the public domain long ago. It is singularly unlikely that Congress would have built into the 1909 Act such a facile way of evading the express rule that copyrights have a term of just 28 years (plus 28 more upon renewal) provided by Section 24, 17 U.S.C. 24 (1976). "In other words, the act cannot be held to destroy itself." *AT&T* v. *Central Office Tel.*,

Inc., 118 S. Ct. 1956, 1965 (1998) (quoting *Texas & Pac. Ry.* v. *Abilene Cotton Oil Co.*, 204 U.S. 426, 446 (1907)).

Petitioner's construction of Section 7 is made no more likely by the 1976 Act's treatment of common law copyrights. Compare Pet. 26-27. Under the 1976 Act, any common law copyright in existence as of 1978 is transformed into a statutory copyright of a specified duration. See note 2, *supra*. Under petitioner's construction, any work published under the 1909 Act and which is now thought to be in the public domain would suddenly be the subject of a statutory copyright, so long as the author or owner can find an earlier unpublished draft from which the published draft was derived. There is no reason to believe that Congress intended so many expectations concerning public domain materials to be overturned.

d. Finally, even if the term "subsisting copyright" in Section 7 of the 1909 Act were sufficiently ambiguous to support petitioner's as well as the Copyright Office's construction, the court of appeals properly deferred to the Copyright Office's longstanding view. Under the Copyright Office's regulations, the publication of a motion picture has the effect of publishing—and thus eliminating common law copyright protection for—all copyrightable components of the underlying screenplay incorporated into the movie. The Copyright Office's regulations explain that rule in the context of motion picture soundtracks: "[Any] copyrightable component part of a motion picture soundtrack * * * is considered an integral part of a motion picture." 37 C.F.R. 202.15 (1975). And the Register's Compendium II (which governs Copyright Office practices under the 1976 Act) makes it clear that the same rule applies to screenplay components incorporated into published motion pictures:

> Where a preexisting unpublished screenplay is embodied in a motion picture, those elements of the screenplay disclosed in the motion picture are considered to be published at the same time the motion picture is published.

Compendium II: Compendium of Copyright Office Practices 910-04 (1984).

The Register's construction of the Copyright Act provisions she administers is entitled to deference and must be upheld so long as it is reasonable. See *Chevron U.S.A. Inc.* v. *Natural Resources Defense Council, Inc.*, 467 U.S. 837, 843 (1984). See also *Mazer* v. *Stein*, 347 U.S. 201, 212-213 (1954); *Washingtonian Publ'g Co.* v. *Pearson*, 306 U.S. 30, 41 n.4 (1939); see Pet. App. A16. Because petitioner offers no persuasive reason to believe that the statute precludes the Copyright Office's construction—a particularly difficult burden given that two courts of appeals and the copyright treatises have interpreted Section 7 of the 1909 Act the same way, see pp. 15-16, *infra*—the Ninth Circuit properly declined to overturn it.[7]

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[7] Petitioner does assert (Pet. 29) that deference to the Copyright Office is appropriate only in the context of an action for judicial review, and is not appropriate in the context of an infringement action like this one. But this case is not solely an infringement action; the Register has intervened as a defendant to defend her decision, which petitioner challenged in its complaint. In any event, the cases petitioner cites do not support petitioner's position. *Carol Barnhart Inc.* v. *Economy Cover Corp.*, 773 F.2d 411, 414 (2d Cir. 1985), does state that the district court there was well situated to "consider how the copyright law applies to the articles under consideration." But it nowhere suggests that district courts may disregard the Copyright Office's settled construction of the statute entrusted to it for administration; nor does *Barnhart* distinguish between the standards applicable in infringement

2. Petitioner does not contend that there is a division of appellate authority concerning the proper construction of Section 7 of the 1909 Act. Nor could it. The only other court of appeals that has addressed the construction of Section 7 in this context—the Second Circuit—resolved the issue precisely as the Ninth Circuit did here. *Shoptalk, Ltd.* v. *Concorde-New Horizons Corp.*, 168 F.3d 586 (2d Cir. 1999). Characterizing the Ninth Circuit's decision in this case as "persuasive and consonant with the principles approved in our prior cases," the Second Circuit joined the Ninth Circuit in holding that "if a previously unpublished screenplay is embodied in a motion picture, so much of the screenplay as is disclosed in the motion picture is published when the motion picture is published." *Id.* at 592.

The decisions of the Second and Ninth Circuits, moreover, are consistent with the decisions of other appellate courts which, although not addressing the construction of Section 7 of the 1909 Act directly, likewise conclude that works that have fallen into the public domain cannot be controlled on the basis of preexisting common law rights. See, *e.g.*, *Classic Film*

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actions and actions for judicial review. Likewise, although *OddzOn Products, Inc.* v. *Oman*, 924 F.2d 346, 348 (D.C. Cir. 1991), suggests that the Register's application of law to fact might not be entitled to deference in the context of infringement actions, it nowhere suggests that courts may disregard the Copyright Office's longstanding and reasonable constructions of the copyright statutes. Nor would such a distinction make sense: The rationale for deferring to the Copyright Office's construction of the copyright statutes—the Office's expertise and experience in administering them—does not evaporate merely because the challenge arises in the context of an infringement action. And the same law cannot mean two different things depending on the type of action in which it is being applied. Cf. *United States* v. *Haggar Apparel Co.*, No. 97-2044 (Apr. 21, 1999), slip op. 6.

Museum, Inc. v. *Warner Bros., Inc.*, 597 F.2d 13 (1st Cir. 1979) (common law rights to the otherwise unpublished screenplay to a motion picture that has fallen into the public domain do not confer control over the public domain material); *Harris Custom Builders, Inc.* v. *Hoffmeyer*, 92 F.3d 517 (7th Cir. 1996) (owner of unpublished blueprints cannot control use of so much of the blueprints as were published when abbreviated drawings were publicly disseminated), cert. denied, 519 U.S. 1114 (1997). And they are consistent with the copyright treatises, which have arrived at the same conclusion as well. See 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 4.12[A], at 4-60 (1997) (publication of work based on unpublished material has the effect of publishing, and thus divests common law protection for, any elements of the unpublished material incorporated into the published work); 1 Goldstein, *supra*, § 3.2.2.1, at 241-242 (same).[8]

Petitioner, however, contends that the court of appeals' decision here (like the Second Circuit's decision in *Shoptalk*) conflicts with an isolated clause from this

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[8] Petitioner's attempt to suggest uncertainty by relying on three allegedly contrary district court cases—see Pet. 19-20 (citing *Shoptalk, Ltd.* v. *Concorde-New Horizons Corp.*, 897 F. Supp. 144 (S.D.N.Y. 1995), *Cordon Art B.V.* v. *Walker*, 40 U.S.P.Q.2d 1506 (S.D. Cal. 1996), and *Jim Henson Prods., Inc.* v. *John T. Brady & Assocs.*, 867 F. Supp. 175 (S.D.N.Y. 1994)—is wide of the mark. All of those cases arose in districts within the Second Circuit or the Ninth Circuit, and thus, to the extent inconsistent, have been superseded by *Shoptalk*, 168 F.3d 586, and the decision in this case. For similar reasons, petitioner's extensive citation of pre-*Shoptalk* decisions in the Second Circuit (Pet. 15 (citing *Gilliam* v. *American Broad. Co.*, 538 F.2d 14 (1976)); see also Pet. 20 n.11), adds no weight to petitioner's claim. After this decision and *Shoptalk*, the law of the Second Circuit is precisely aligned with that of the Ninth. See Pet. 21.

Court's decision in *Stewart* v. *Abend*, 495 U.S. 207, 233 (1990). In particular, petitioner points out (Pet. 10-11) that, in *Abend*, the Court stated that the "force or validity" clause of Section 7 of the 1909 Act was intended "to ensure that the publication of a 'new compiled work' without proper notice, including smaller portions that had not been previously published and separately copyrighted, would not result in those sections moving into the public domain." 495 U.S. at 233. Petitioner construes that statement as, in effect, holding that Section 7 of the 1909 Act preserves common law, as well as statutory, copyrights in an underlying work when a derivative work is published.

Petitioner is mistaken. As an initial matter, the question presented in *Abend* had nothing to do with the status of common law copyrights under Section 7; instead, *Abend* concerned a contest between two holders of *statutory* copyrights.[9] The language on which petitioner relies thus hardly rises to the level of a holding. In any event, the language from *Abend* need not and should not be construed in the manner in which peti-

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[9] In *Abend*, the author of a copyrighted short story licensed a group of moviemakers to make the motion picture *Rear Window* based on his short story. The author agreed to renew the copyright at the appropriate time and to grant the moviemakers an additional license for the duration of the renewal period. The moviemakers subsequently made and copyrighted the motion picture *Rear Window* based on the short story. Although the author of the short story died before he could renew the copyright, the author's executors did renew the statutory copyright; they, however, refused to grant a license to the owners of *Rear Window* as the author had agreed. The question in *Abend* was whether the moviemakers "infringed the rights of the successor owner of the [short story] by continued distribution and publication of [*Rear Window*] during the renewal term of [the short story]." 495 U.S. at 211.

tioner proposes. Petitioner, in essence, reads the quoted material from *Abend* as declaring that, under Section 7, "publication of a 'new compiled work' without proper notice, including smaller portions that had not been previously published and separately copyrighted, would not result in those [smaller and previously unpublished] sections moving into the public domain." Read in context, however, the quoted materials do not warrant that construction.

To the contrary, in our view, the quoted language from *Abend* means that, under Section 7, the "[p]ublication of a 'new compiled work' without proper notice, [which may] includ[e] smaller portions that had not been previously published and separately copyrighted [as well as sections that are copyrighted], would not result in those sections [that are copyrighted] moving into the public domain." Although that construction may not be immediately obvious when the passage is read out of context, we believe it fairly supportable when read in context, for three reasons. First, petitioner's contrary construction would render the reference to previously unpublished works wholly unnecessary both to the issue in the case and to the precise point being discussed in that passage; we think it unlikely that the Court would have attempted to address Section 7's applicability to common law copyrights unnecessarily and in passing, without reference to or reliance on principles of statutory construction.[10]

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[10] The clause upon which petitioner relies is part of the Court's explanation as to why Congress altered the language of Section 7 before adopting the 1909 Act. As originally proposed, Section 7 declared that no "*copyright* [in the derivative work] shall * * * affect the force or validity of any subsisting copyright upon the matter employed or any part thereof"; it was later changed to declare that no "*publication*" of a derivative work shall "affect the

Second, the law review note the *Abend* decision cites as support for the passage in question, and which the passage appears to paraphrase, see 495 U.S. at 233 (citing Estie Stoll, Note, *Derivative Copyright and the 1909 Act—New Clarity or Confusion*, 44 Brook. L. Rev. 905, 919-921 (1978)), has precisely the meaning we suggest, and neither it nor the materials it cites support petitioner's contrary reading.[11] The contention that the

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force or validity of any subsisting copyright upon the matter employed or any part thereof." The dissent in *Abend* argued that the change from "copyright" to "publication" signaled Congress's intention to *permit* the copyrighting of a derivative work to affect the force and validity of the copyright in the underlying work from which the new work was derived. Rejecting that argument, the majority declared that the change was meant to clarify that both *copyrighting* and the lesser act of *publication* (a necessary step to copyrighting) would not affect the validity of the copyright in the underlying work. Since the Court's conclusion was that the change from "copyright" to "publication" was made to ensure that "publication alone" would not "affect[] the force or validity of the copyright in the pre-existing work," 495 U.S. at 233, any reference to the effect of publication on common law copyrights would be entirely superfluous, having no relationship to the inference the dissent drew from the change from "copyright" to "publication," or to the majority's explanation for that change. Accordingly, we believe that the reference in *Abend* to works "not previously published or separately copyrighted" merely describes the kind of *compilation* in which Section 7 would be relevant, and does not mean to set forth a doctrine about what kind of works within such compilations are protected by Section 7.

[11] The Brooklyn Law Review Note explains that the language change in Section 7 (see note 10, *supra*) was based on a concern "with a particular class of derivative work, namely, a 'new compiled work,' such as an anthology, made up of smaller selections that might or might not have been previously published and separately copyrighted. * * * Since each publication of a copyrighted work [*i.e.*, a statutorily copyrighted work] must bear the requisite notice, a 'compiled work' published with incorrect

Court (in a case not involving common law copyrights) declared that Section 7 protects such common law copyrights, without further analysis and while citing such non-supportive (indeed contrary[12]) authority as its only support, is in our view unpersuasive.

Third, *Abend*'s discussion of Section 7 repeatedly indicates that Section 7 and the Court's discussion of Section 7 are focused on the preservation of subsisting statutory (as opposed to common law) copyrights. Thus, construing Section 7 as consistent with Section 3, the Court stated:

> [Section] 3 provides that one can obtain copyright in a work where parts of the work are already copyrighted. For example, one could obtain a copyright in an opera even though three of the songs to be used were already copyrighted. *This, and only this, is what is meant in [Section] 7* when it states that '[c]ompilations or abridgements, adaptations * * * or other versions of works . . . or works republished with new matter shall be regarded as *new works* subject to copyright * * *.
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> More important, however, is that under the express language of [Section] 3, one obtains a copyright on the entire work, but the parts previously

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copyright notice or with none at all might have affected otherwise valid copyrights in the component selections. * * * [The intent of Section 7] apparently [was] to protect the underlying work's copyright from any possible assault by the newly sanctioned derivative copyright." 44 Brook. L. Rev. at 919-920.

[12] See Pet. App. B17 (pointing out that the law review Note cited by the Court in *Abend* undercuts petitioner's construction of the passage because it "posit[s] that Congress' true intent in creating section 7 was to" ensure that "copyright protection exist only for a limited duration").

> copyrighted get copyright protection only according to the "duration or scope" of the already existing copyright.

495 U.S. at 234 (emphasis added in part); see also *id.* at 235 (similar discussion). Given the serious reasons to doubt petitioner's construction of the *Abend* language on which it relies, the Ninth Circuit (like the Second Circuit after it) did not err in refusing to treat petitioner's construction of that ambiguous and isolated clause as a binding direction from this Court.

CONCLUSION

For the foregoing reasons, the petition should be denied.

Respectfully submitted.

SETH P. WAXMAN
Solicitor General
DAVID W. OGDEN
Acting Assistant Attorney General
ANTHONY J. STEINMEYER
ALFRED MOLLIN
Attorneys

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